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# West Europe Report

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22 February 1985

## WEST EUROPE REPORT

## CONTENTS

## POLITICAL

## AUSTRIA

- Hainburg Controversy Damages Sinowatz Standing  
(Josef Votzi, Franz Ferdinand Wolf; PROFIL, 31 Dec 84) .. 1

## CYPRUS

## Briefs

- Protection for Officials 9  
Ambassador for Libya 9

## DENMARK

- Conservatives Commission Gallup To Examine Youth Politics  
(Various sources, various dates) ..... 10

Support for Illegal Tactics Found, by Tine Eiby Hansen  
One-Third of Copenhagen Youth on Welfare, by Jorgen Holst

## Briefs

- First Ambassador to Nicaragua 17

## DENMARK/GREENLAND

- Greenland Wins Final EC Approval, To Leave EC Soon  
(Thorkild Dahl; BERLINGSKE TIDENDE, 27 Jan 85) ..... 18

- Greenland Chief Cites Security Policy Differences With Denmark  
(Thorkild Dahl; BERLINGSKE TIDENDE, 24 Jan 85) ..... 20

## FEDERAL REPUBLIC OF GERMANY

- Technology, Ecology Conflict in Drafting SPD Party Platform  
(DER SPIEGEL, 7 Jan 85) ..... 23

## FINLAND

High CPSU Officials Meet Separately With Feuding CP Factions (HELSINGIN SANOMAT, 2 Feb 84) .....	23
Communist Party Dispute Continues as Special Congress Nears (HELSINGIN SANOMAT, various dates) .....	29
Leading Newspaper Comments on Split, Editorial Majority Rejects Stalinist Demand Central Committee Tightens Control Aitamurto Offers Olive Branch, Aarno Aitamurto Interview Kajanoja Makes Compromise Bid Stalinist Newspaper Defies Moderates	
SKDL's Trouble in Replacing Chairman Attracts Media Attention (UUSI SUOMI, 22 Jan 85).....	42
Party Trouble, by Jyrki Vesikansa Other Papers Comment, Interview	

## FRANCE

Tjibaou on Independence, Pisani Proposal, Results of Visit (Jean-Marie Tjibaou Interview; LIBERATION, 31 Jan 85) ....	45
Pisani Offers Amended Plan for New Caledonia (LIBERATION, 31 Jan 85) .....	52
Mine Sabotage Threatens New Caledonian Economic Activity (Jacques-Maurice Cler; LE FIGARO, 24 Jan 85) .....	54
Troops Fail To Prevent Sabotage of New Caledonian Mine (Thierry Desjardins; LE FIGARO, 24 Jan 85) .....	56

## GREECE

1981 Census Shows Population Shifts (I KATHIMERINI, 2 Feb 85) .....	58
--	----

## NORWAY

Labor Party Paper: Coalition Out of Tune With Voters (Editorial; ARBEIDERBLADET, 15 Jan 85) .....	61
Willoch Comments on Role of Security Policy During Campaign (Kare Willock Interview; ARBEIDERBLADET, 12 Jan 85) .....	63
Antinuclear Group To Step Up Activities During Election Campaign (Bjorn Talen; AFTENPOSTEN, 24 Jan 85) .....	67
Polls Give Mixed Picture of Parties' Election Prospects (AFTENPOSTEN, various dates) .....	69
Economic Confidence Helps Nonsocialists, by Ted Hanisch Seen Undermining Labor Themes Unemployment Anxiety Favors Labor, by Ted Hanisch Polls Suggest Progressives Key Half Voters Dissatisfied With Government, by Gallup Poll Reveals Voter Gender Gap, by Ted Hanisch	



NATO Membership Seen Reason for Soviet Intrusion Apology (Bjorn Talen; AFTENPOSTEN, 24 Jan 85) .....	83
---	----

#### SWEDEN

Vietnam Aid Cut, Nicaraguan Increased in Budget Proposal (Various sources, various dates) .....	85
--	----

Africa Remains Largest Recipient, by Hakan Bergstrom  
Development Aid Chief on Programs, Anders Forsee Interview  
More in Form of Credits, by Peter Bratt  
Aid for Vietnam's Foreign Debts, by Hakan Bergstrom  
Conservatives Oppose Vietnam Assistance, by Kaa Eneberg  
Liberals: Cut Vietnam Aid More, by Kaa Eneberg

#### MILITARY

#### FINLAND

Poll Examines Missile's Impact on Country's Defense Credibility (UUSI SUOMI, 21, 22 Jan 85) .....	95
--	----

Thirty Percent See Credibility Reduced, by Jyrki Vesikansa  
Paper Comments on Poll, Editorial

#### ECONOMIC

#### CYPRUS

Statistics on Population Growth, Birth, Death Rate (KHARAVGI, 3 Jan 85) .....	99
--	----

Briefs Income Needs for Basic Necessities Averaged	101
---	-----

#### ITALY

Ciampi on Outlook for Country's Economy (MONDO ECONOMICO, 22 Nov 84) .....	102
---	-----

#### TURKEY

Greater Interbank Money Market Competition Expected (Ferda Volkan; DUNYA, 25 Dec 84) .....	117
---	-----

#### ENERGY

#### GREECE

Details on Lignite, Hydroelectric Energy Resources (I KATHIMERINI, 2 Feb 85) .....	119
---	-----

POLITICAL

AUSTRIA

# HAINBURG CONTROVERSY DAMAGES SINOWATZ STANDING

Vienna PROFIL in German 31 Dec 84 pp 14-17

[Article by Josef Votzi and Franz Ferdinand Wolf: "Crisis Chancellor, Chancellor Crisis"]

[Text] It is all very complicated. Sinowatz has **scheduled** a press conference. The journalists are waiting to hear him **blast** the Greens holding out in the river lowlands but he speaks of them time and again in terms of their "protecting the environment."

But that was not part of the script.

Heinz Fischer is standing in the background with his hands in his pockets and every time the chancellor calls them "**protectors of the environment**" he whispers, true to the party line, that they are in fact "occupiers of the river lowlands."

This little interlude on the fringes of the marathon meetings of the past 2 weeks was of no consequence in and of itself and yet typical of Fred Sinowatz's total image. It revealed what **makes him tick**; what he would prefer to be like and what he is really like today: a bit befuddled, a bit restless and--quite impotent.

The chancellor has long since lost his grip on the Hainburg affair. It is no longer a matter of building a power plant in the **low-lying** countryside along the Danube and clearing the woods of trees; nor is it a matter of the price and availability of energy or of concrete and natural beauty. By now, the democratic process, the rule of law, the coalition and the chancellor himself are the issue.

The trade unions and the executive branch; the willingness of the government to let things slide; the Danube power plant and the construction industry lobby have all combined in maneuvering the small coalition into a big crisis.

And now Fred Sinowatz is caught in the impenetrable Hainburg underbrush.

The coalition's misfortunes started early. Given the existence of detailed plans for the Danube power plant and pressure by the hard-hit construction industry which wanted to have its orders approved and faced with the fact that the Zwentendorf nuclear power plant would never start operating, the coalition quickly agreed on the Hainburg project. It did so not only because the unions supported the idea but also because the voters, worried about the environment, could be sold on the clean hydroelectric power project more readily.

The government plank included an unequivocal statement of intent to go ahead with the project.

Criticism and early protests, which were given ample coverage in KRONEN-ZEITUNG, left the government coalition cold while public opinion polls revealed solid majorities in favor of the project.

The approval process took its (unlawful) course and at some point Sinowatz committed a fatal mistake. He administered a policy without considering the mood of the public and went ahead on the strength of what he thought was sheer necessity. In a way, this was a surprisingly unpolitical decision to make for a man who had been a professional politician for 25 years. In 1961, Sinowatz became a member of the Burgenland provincial diet and took over the post of Land party secretary. Three years later he was elected president of the provincial diet and in 1966 moved on to a post in the Land cabinet. In 1971, Kreisky made Sinowatz a member of his first majority government.

In succeeding sophisticated Leopold Gratz in the post, Sinowatz had some initial difficulties in taking charge of the ministry of education but did so subsequently after a fashion. In lectures and addresses he conjured up grand cultural policy vistas and did his job administering the school system which did not leave him much room to maneuver--since any major change in education laws requires a two-thirds majority in parliament or, in other words, the votes of the OeVP. He negotiated, worked for consensus and thereby gained the reputation of being in favor of a grand coalition.

Hans Pusch, Sinowatz's public relations assistant and present chef de cabinet, had the then minister cover the length and breadth of Austria by bicycle and climb to the top of Patscherkofel in celebration of Klammer's skiing victory. At the time, Sinowatz would readily discuss his weight problem with anyone and over the years obtained the image of the good-natured fat man.

The ministry also continued to operate somehow or other and in time Sinowatz rose to the position of successor to Kreisky both as chancellor and

party chief. Former crown prince Leopold Gratz had been worn down by his Vienna job [as mayor] and Hannes Androsch had taken a bit too much advantage of his job in order to set himself up with the good life.

In 1981, Sinowatz was named vice chancellor after declining all the higher party offices in earlier years "in all modesty." It always had a nice coquettish ring to it when he brushed journalists' queries as to his further career plans aside by saying "I know my own limitations."

Now all of Austria knows these limitations as well. The Hainburg affair has made them plain and the end of this cul-de-sac is just as clearly defined by every billy club the police use on the protesters, thereby demonstrating the weakness of the government and the chancellor.

According to an SPOe insider critical of Sinowatz, the pre-Christmas maneuverings on Hainburg were a "combination of ignorance, highhandedness and dilettantism."

The atmosphere became more highly charged with emotion with every passing day. Every individual who went to the Hainburg lowlands to demonstrate against the policies of the old-style political parties made the government position more and more untenable. Sinowatz's attempt to take charge of the situation and remain firm (which the vast majority of the voters ask of their head of government according to every opinion poll) had miscarried. As a consequence, he decided to give a little and announced a Christmas ceasefire.

In an improvised press conference on Friday before Christmas, Sinowatz stated full of concern: "I want to make it possible for these people to celebrate Christmas with their families."

He probably figured that this small but decent gesture would help him win back at least some of the good will he had so rapidly lost. But he was mistaken. Hundreds of academics, artists and intellectuals signed resolutions and broad segments of the population not only marched in a spontaneous demonstration in support of the Hainburg protesters in Vienna but thousands went out to Hainburg itself for Christmas.

The chancellor had had no other recourse but to announce the Christmas truce. He thereby kept blood from being spilled on the holidays and provided the government with a brief pause to catch its breath and reconsider the matter.

Sinowatz can use the respite in view of the fact that he has lost far too much of his political stature during the past several weeks.

The voter coalition composed of socialists, liberals and non-partisan elements so carefully built and nurtured by former chancellor Kreisky has now definitely broken apart.

The trend-setters who once supported Kreisky are now signing resolutions critical of Sinowatz.

Sinowatz has virtually no room left to maneuver vis-a-vis the SPOe's Siamese twin: the labor unions.

Sinowatz must turn to the police in order to prevent the labor unions from taking matters into their own hands.

The party's leftwingers and youth groups are moving off the official SPOe line and are only hoping to survive "the coldness" of the Sinowatz era somehow.

They are afraid they will have to go into hibernation to wait for a revival of the party.

Sinowatz himself is vacillating and worrying about his majority.

But that has been the substance of his government program from the very beginning.

At the very outset of the small coalition Sinowatz took over most of the old Kreisky cabinet against his better judgment. The old man wanted it that way and the new man did not have the strength to take charge of the government setup.

In keeping with his general outlook, he tried for more than a year to get by somehow; but finally it no longer worked. The debate over Androsch's taxes and finances had inflamed the party with Finance Minister Herbert Salcher actively stoking the fires of dissension. By then a government shakeup could no longer be avoided. By bringing new people into the government, Sinowatz cut off further debate on the Androsch affair and exhibited a bit of leadership—even if his primary achievement consisted in convincing the public that the implementation of dire necessity really was a strategic program for reorganizing the government.

In the aftermath of the cabinet shakeup Sinowatz made a good many points. In fact, this was his big chance. It was a new beginning with a new crew of people who even rendered the opposition speechless for a matter of weeks and with a coalition partner which had consolidated its position somewhat. The economic indicators, too, were giving rise to a certain optimism and the budgetary mess left behind by Kreisky improved a little. The two coalition partners succeeded in stabilizing the overall budget deficit below the magic 100 billion schilling mark by pushing through



painful cuts in social welfare. But the chancellor frittered away his gains more quickly than he had made them. After all, things are extremely complicated.

Fred Sinowatz is not a man of action. He would rather play the angles and, true to Austrian tradition, hopes that problems will go away all by themselves.

It is only when nothing will work any more that he acts and acts quickly--even if it is too late and if it is wrong. That is what he did when VOEST Director General Heribert Apfalter almost succeeded in bringing down the voluntary welfare program paid for by VOEST. Unfortunately, Franz Ruhaltin-ger, the all-powerful labor representative on the board, was against it and for another thing the chamber of labor elections were just coming up.

In his tireless efforts to attain harmony, Sinowatz got the two sides to agree on a moratorium and the SPOe promptly lost the chamber of labor elections.

Sinowatz failed equally in connection with the much-heralded tax reform program by hesitating too long. Salcher had come up with a package which aimed at eliminating many tax benefits, thereby making a contribution to cutting the deficit. The uncoordinated debate among the party leaders themselves conveyed the impression to the public that the government was out to tax the 13th and 14th monthly salaries as well as overtime pay.

Sinowatz issued denials practically every day; but nobody believed him. In utter dismay, he called off the entire tax reform program, turning his back on his finance minister, his coalition partner and the labor unions which had made a strong pitch for extending tax relief to the lower income groups.

Fred Sinowatz is suffering a truly Austrian fate: going halfway, moving ahead at half steam and so on.

This is also the way he deals with controversy within his own party. The party tribunals on Freda Meissner-Blau and Guenther Nenning are good cases in point as are the events surrounding Theodor Kery, Burgenland's governor. Kery, who favored providing free energy, has long since fallen from public favor but Sinowatz tried throughout hours of meetings to keep the inevitable from happening, i.e., to prevent his resignation.

The outcome of this particular attempt to wait out the crisis can already be predicted in general terms. At some point, Kery will fade into the background of Burgenland politics. Gerald Mader will have been right and Fred Sinowatz will have suffered yet another loss of prestige.



And it was in December that the country once again got a glimpse of the day-to-day travails of running the government. For weeks, the chancellor had been following the debate between Minister for Social Administration Dallinger and self-proclaimed Dallinger foe Norbert Steger as well as Salzburg Governor Wilfried Haslauer with some interest. Haslauer really went to bat on 8 December on the store closing hours issue and Sinowatz had to call on the constitutional experts in his own chancellor's office to try and recoup his political losses by legal means.

But he was out of luck. The supreme court rejected the government's compromise bid to lodge an official complaint against the Salzburg governor out of hand, stating that the constitution did not provide for such a legal maneuver.

The only thing left to do was to try a second time. Perhaps Sinowatz will make some headway on the legal front; but politically this move, too, has tarnished his image.

The deconstruction of Sinowatz has long since reached country-wide proportions. The big chill swept Lower Austrian Governor Siegfried Ludwig to dizzying heights in his reelection bid; it allowed long-time Tyrol Governor Eduard Wallnoefer to increase his vote total and left only Carinthia's action socialist Leopold Wagner almost unscathed.

And in Vorarlberg, hard-line socialism as practiced at the federal level combined with [Governor] Kessler's inability to react to changing social trends to produce a disaster for traditional politics. As the Greens attained 13 percent of the vote, their slogan assumed country-wide significance.

In his public speeches, Sinowatz continually refers to his party's quest for new ideas as part of the "Perspectives for the Nineties" program and to changes in political life but thus far he has not adapted his actual policies to these changing conditions.

Hainburg is a symbol of all this.

Fred Sinowatz has done his best to have the pent-up resentment over the hardline policies direct itself against him and his government. In contrast to his predecessor Kreisky, he neither did, nor does know how to resolve dissension within the ranks dialectically or at least to cover up such dissension with a light touch.

One might easily succumb to nostalgia and speculate on how Kreisky himself might have handled the situation. Weeks ago, Kreisky would have focused the public debate on but one issue: whether Josef Kobilka, the head of the Danube Power Plant Authority, was still the right man for the job.

Gentlemen, you will have take into consideration that these baroque ideas... the old man would have grumbled at some point.

In Fred Sinowatz's case, we are faced with a different question—which is: Is our chancellor merely a failure? Sinowatz is being ground to pieces by two millstones: the old-line, cast-in-concrete party partnership and the adherents of a new life style.

The only consolation the chancellor has is that he is not alone in making mistakes. The members of his cabinet and his advisers are staying right with him in resolutely pursuing the wrong course of action.

On the eve of the affirmative environmental decision by Lower Austrian politician Ernest Brezovszky, Sinowatz had dinner with two ecologists at Vienna's Schubertstueberl restaurant for the purpose of creating a team of environmental experts to advise the builders of the power plant. But both Antal Festetics, whom Sinowatz would like to appoint as head of the new federal environmental protection agency, and Bernd Loetsch, accepted even by the government as a spokesman for the ecology scene, turned the chancellor down. "We told him that there is no way of improving on a bad project by superimposing ecological protection measures on it," Loetsch said later.

The chancellor accepted their decision and placed his trust in the many environmental provisos written into the decision [to build the power plant] by Brezovszky and Minister for Agriculture Guenter Haider. But otherwise he stuck to his Hainburg policy despite the fact that his dinner guests predicted that things would get a lot worse. "I told him even then what would happen," Loetsch recalls, "that we would be facing a kind of civil war situation."

This comes as no surprise for Loetsch because he had long since made his own judgment of the chancellor. "Only now is he beginning to learn to think along our lines. But during the official negotiations with us one could clearly see that he had almost no room to maneuver," Loetsch says.

That he does not is quite evident. During his negotiations with the proponents of the Konrad Lorenz Initiative the representatives of the Danube Power Authority and the labor unions were right in the next room, forcing the chancellor to go their way.

Sad but true—and one thing is perfectly clear. In the aftermath of the grim pre-Christmas season, everyone is waiting for a signal from the chancellor. Vienna Mayor Helmut Zilk is the first SPÖ political leader to come out with a firm statement. "A political solution must be found," he said, "whatever that solution might be—perhaps even in connection with a direct decision by the entire Austrian population."

In legal terms, the Hainburg project has gone as far as it can go—except for the pending decisions by the highest courts. In political terms, some room for political imagination still exists. Sinowatz tried to come up with same by conducting marathon meetings with his deputies—Karl Blecha, Heinz Fischer and Leopold Gratz—over the Christmas holidays.

As yet, they have not reached a decision on what to do. By the end of the week, they say, they will know and reach a decision in a cabinet meeting. But unofficially, the socialist government fraction has been saying for days that "there simply is no way back to the status quo."

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POLITICAL

CYPRUS

BRIEFS

PROTECTION FOR OFFICIALS - The foregoing unaccountable fact also shocks when one realizes that on the average 40 to 50 policemen are required for the protection of political leaders, in addition to the large number of members of the police force assigned to the presidential guard. We do not claim that political leaders should be left without protection, even though we are living under normal conditions. Certain measures have to be taken just in case. But those measures must be subject to some evaluation and show that officials have a sense of what is fitting. Protection must be strong in difficult times. But under normal circumstances how can one justify the fact that 40 or 50 policemen are assigned to the protection of a single political leader? And we are not calculating the expenses, the excessive expenses involved for the protection of political leaders, if not for all of them at least for most of them. Therefore when we compare the fact that in each of 15 agricultural districts one policeman is in charge on a 24-hour basis to the fact that for the protection of three or four political leaders we have set aside an...army of policemen, then the term "scandal" is appropriate. And yet we all worship at the altar of...frugality. [Text] [Nicosia 0 FILELEVETHEROS in Greek 19 Jan 85 p 3] 12278

AMBASSADOR FOR LIBYA - The Lybian government agrees to the accreditation of a Cypriot ambassador in the nation but on condition that the Cypriot ambassador will be based in Tripoli. This is part of Libya's steady policy not to accept the credentials of ambassadors whose headquarters are in another country. In this particular case diplomatic circles note that: although the Cypriot government has 15 or 16 embassies abroad, its ambassadors are accredited in 105 nations. [Text] [Nicosia 0 FILELEVETHEROS in Greek 16 Jan 85 p 1] 12278

CSO: 3521/156

POLITICAL

DENMARK

CONSERVATIVES COMMISSION GALLUP TO EXAMINE YOUTH POLITICS

Support for Illegal Tactics Found

Copenhagen BERLINGSKE AFTEN in Danish 11-17 Jan 85 p 2

[Article by Tine Eiby Hansen]

[Text] Almost half of all young people between the ages of 15 and 29 are in sympathy with BZ [militant squatters' movement] methods. This was shown by a Gallup poll conducted for Conservative Youth, which is concerned about the lack of democratic involvement among young people. Some of the political youth organizations are trying to force a crisis by using grass-roots methods. Others are setting up social and recreational clubs.

"I think I might have been in BZ myself," admitted the national secretary of Liberal Youth, Karl-Age Hornshøj Poulsen. That is if he had not grown up in a small provincial community and spent his free time in scouting.

"Children and young people need to share influence and responsibility. They do not do so today. On the contrary they are used to being served and taken care of by teachers," he said, adding that in his opinion this is one of the foundation stones of the BZ movement.

And his colleague in Danish Social Democratic Youth, organization secretary Henrik Sørensen, said:

"I myself took part in occupying houses and fighting with the police. Once in a while I really miss a chance to blow off steam."

Therefore it does not surprise them that 43 percent of 900 young people between the ages of 15 and 29 who were surveyed have some sympathy with BZ methods. Or that 16 percent of them accepted so-called "help yourself actions" in supermarkets.

But it does seem to alarm Conservative Youth, which ordered the poll from Gallup. The results were presented in a recently issued KU [Conservative Youth] publication, "Can One Build with Paving Stones?"

The young Conservatives are worried about the lack of democratic involvement among young people. In addition to young people's sympathy for methods that circumvent parliament KU points to the low membership figures in political youth organizations which have been stagnant since the dramatic decline in the late 1960's. With one exception--Conservative Youth--which has made outstanding gains in the last few years.

In 1979 the organization had only around 4500 members. Today KU estimates that it has 14-15,000 members. Its most extensive competitor is the Social Democratic youth organization with around 15,000 members. Danish Communist Youth has less than 8000 members, Liberal Youth has 3500 and the Socialist People's Party youth group has between 1500 and 2000 members.

#### Dance Societies

A total of around 45,000 Danish young people are active in these organizations along with a number of small youth parties. A figure that was far surpassed by the membership in a single party in the postwar years. Liberal Youth had as many as 60,000 members then and DSU [Denmark's Social Democratic Youth] had 25-30,000.

People in that age group are now abundantly represented in Folketing. People from the time when one joined VU [Liberal Youth] in order to go to a dance or became a Social Democrat because one's father was a member.

Today many an old youthful rebel is alarmed when a child of the family announces that he has joined Conservative Youth "like everybody else in the class."

Politics has become a leisure-time pursuit on a level with soccer, for example, KU writes in "Can One Build with Paving Stones?" An incidental interest, not a natural result of the situation in which one finds oneself.

This may be one of the reasons why young people are attracted by the more obvious problems dealt with by the grass-roots movements.

But KU does not think so. The Gallup poll shows that only 5 percent of those interviewed had been active in grass-roots movement and 14 percent had considered becoming involved in them.

Even so, several of KU's political competitors are taking the grass-roots movements seriously. To such an extent that they are now trying out grass-roots strategy under party auspices. One of these groups is Liberal Youth which in this municipal election year will concentrate on an area that has been dominated by the grass roots--environmental policy.



## Chandeliers

The new green era was introduced recently at an environmental conference in the Christiansborg assembly hall. Outside the hall one could buy everything from new publications on environmental issues to VU bath towels.

The salesmen were busily chewing breath mints after having drunk a couple of beers, "because one cannot sell badges if one smells of beer." They were warming up for the VU party that evening. "The main thing is to have a good time. Otherwise people can't be bothered to take an interest in politics."

Inside the hall there were old men on the speaker's platform and serious faces under the heavy chandeliers. Between one speech and the next the national secretary urged the audience of 150 to take lots of notes "so you can take them home and pass them along to the local press."

"We must learn to market ourselves better," national secretary Karl-Age Hornshøj Poulsen later told the weekend edition of BERLINGSKE AFTEN. "All in all we must become a little more action oriented. Leave the meetings and get out on the street. The fact that young people are going outside the political youth organizations is not due to lack of political interest," he said.

"But they no longer have a need to be made politically aware---they feel they already are. Today their awareness and opinions must be used to acquire influence."

A VU poster was hanging behind him. It showed someone reclining on a sofa, surrounded by various theater brochures and stimulants. Part of the text said: "Get on your toes! While you relax there is someone else who would be glad to make decisions for you."

And the national secretary continued:

"It has long been taboo to be a party member. We can see that at the local level. Under the leisure-time law municipalities must make premises available to youth clubs. But most of our local divisions have nowhere to meet. The authorities give priority to sports, scouting and other youth societies out of fear of supporting anything political."

## Dedication

In the Vesterbro district of Copenhagen is the headquarters for the political youth organization that has the most competition in the grass-roots movements--the youth group of the Socialist People's Party. Here too they are concentrating on a typical grass-roots goal--peace. SF [Socialist People's Party] is often regarded as the biggest young people's party although SFU [SF Youth] is one of the smallest youth divisions.

"If one belongs to SFU one puts in a lot of work. A lot of political discussions are held in local divisions and one is active in the student council. It is not compulsory but it is expected," smiled national secretary Anders Andersen.

"When one does not view the world in terms of the familiar solutions--a pro-western or pro-eastern angle--but takes a third course, as SFU does, it requires a different organizational form. Individual members must take well-grounded positions," he explained.

Therefore SFU's national conferences are not traditional meetings of delegates but meetings open to every interested member. The last time 220 people attended.

SFU's most important task is to create attitudes. Viable ones, it should be noted.

"We do not believe in what the KU people are doing. They create a social club and thus depoliticize a number of issues because the members do not know enough about what they stand for. The KU club attracts so many members because it feels safe and secure to be together with the right people--the ones who are in," said Anders Andersen.

#### Freedom Overinterpreted

According to KU's Gallup poll SFU is in a strong position north of Copenhagen with 27 percent support there. In the same area KU has only 6 percent support compared to 41 percent in the southern and western suburbs. Both parties have their strongholds in Copenhagen itself. SFU also has strong support in North Jutland and KU has a lot of support in Lolland-Falster. DSU's bastions are Funen and East Jutland while VU does best in Slesvig.

"I think that expresses an arrogant attitude on the part of SFU. Some 90 percent of Danish young people are not involved and do not know very much about politics," was the comment from 28-year-old KU chairman Robert Spliid, a co-author of "Can One Build with Paving Stones?"

"We emphasize a fresh and outward style to achieve the broadest possible contacts. And of course we get many members who need political training. But we stress tolerance--we must all be here."

But at times freedom has been overinterpreted. Like the day a local KU division began propagandizing for "Free Drugs." That did not go over well.

#### Leader Course

The minimal political requirements on the local level of KU are in sharp contrast to conditions at the top. The roughly 5 percent in the leadership are given a course similar to modern business leadership courses.

There is a week of training in discussion and speech techniques, organizational development, press contacts, newspaper work and arranging recruitment campaigns. They get up each morning at 7 o'clock and after a heavy schedule, tasks are assigned each evening at 11. The course concludes with a little examination in the political skills that have been learned.

On the daily level Conservative forces are putting more stress on efforts in the schools:

"The democratic involvement of young people must be strengthened by creating a climate in the public schools that fosters changes in attitude. To start with the ban on political activity must be eliminated entirely," KU writes.

This stand is shared by DSU. Political agitation should be allowed in public schools. Today the individual school boards grant political youth organizations permission to carry out propaganda efforts at the schools.

Like KU, DSU also emphasizes its role as a social organization:

"It should be fun to be a socialist. Now we are finally throwing off the ascetic clothing we wore during the 1970's. And it is becoming acceptable again to play ball and go to summer camp in connection with DSU," said league secretary Henrik Sorensen of the "world's most entertaining youth organization."

A former DSU member who is now a politician in Folketing, Borge Bakholt, says that DSU's methods are "too bound by tradition and out of date." He would like DSU to use different and more forceful methods such as the type of action taken by the environmental activists in Greenpeace.

"Political apathy is not just a problem among young people, it can also be noted generally in voter associations," he says.

"I often talk to young people who come to the house. And they are definitely not uninterested in politics. But they are overwhelmed by the incredible number of political problems. That is true for us in Folketing too, which is why we specialize ourselves in committees and become technocrats of a sort. We should learn from the grass-roots model and concentrate more on one issue at a time."

#### One-Third of Copenhagen Youth on Welfare

Copenhagen AKTUELT in Danish 12 Jan 85 p 5

[Article by Jorgen Holst]

[Text] One-third of all Copenhagen residents aged 18-19 get assistance payments from welfare offices and 40 percent of all the single mothers in the capital are on welfare. Compared to the country as a whole, the number of Copenhagen residents receiving cash assistance under the welfare law is twice as high as the national average.

These shocking figures can be read in a report issued by the statistical division of the City of Copenhagen. The report documents one of the concrete

reasons why Copenhagen's economic situation is so grave. "The report will be followed by others," Mayor Egon Weidekamp (Social Democrat) said. "Among other things the income of Copenhagen residents will be studied. It is not just extraordinarily large expenditures compared to other cities that are devastating Copenhagen. The lower incomes in the capital are just as much of a problem."

#### Connection Between Housing and Cash Assistance

Egon Weidekamp said that the report clearly documents the connection between housing standards and the need for cash assistance. "Copenhagen has many older dwellings of poor quality and the fact is that half of all welfare recipients in Copenhagen live in housing built before 1920. This has something to do with the fact that people with financial problems must understandably turn to the cheapest housing which is normally of the poorest quality.

#### Unemployment a Major Reason

"High unemployment is the major reason why people need welfare payments. In more than half of all welfare cases the applicant needs help from the city because of unemployment. And unemployment plays a larger role the younger people are. Three-quarters of Copenhagen welfare recipients under the age of 25 get assistance because they do not have jobs," said Weidekamp.

The special composition of the Copenhagen population results in further demands on the community due to the generally higher unemployment rate. Copenhagen has 20 percent more "jobless months" than the country as a whole. That means a corresponding increase in assistance payments.

And since the city must pay half the welfare payment and the state the rest, while 100 percent of the daily stipend is financed by the state, the wage earner and the employer, Copenhagen must to a larger extent than other municipalities pay for the costs of its extraordinarily high unemployment, Egon Weidekamp added.

Analysis also shows that it is especially those who have moved here from the region around the capital who need help. Thus Copenhagen has helped "relieve the pressure" on the other towns in the capital region as far as welfare payments are concerned, the mayor said.

#### New Study on the Way

The report comes a few weeks before the County and Municipal Research Institute is due to deliver its study of Copenhagen's municipal expenses in relation to the costs in other municipalities. Interior Minister Britta Schall-Holberg (Liberal) assigned this task to the institute. The study will be part of the coming negotiations between the interior minister and the mayor on state funds for the City of Copenhagen. The economy of the capital is critical. Copenhagen has a debt of over 6 billion kroner, taxes are rising in 1985 and drastic cuts have been made in the operating budget to achieve balance.

The government's cuts in block grants to municipalities have been much harder on Copenhagen than on other cities. Mayor Egon Weidekamp said that if the striking differences between welfare burdens on municipal finances are to be eliminated there are only two possible ways to do so:

Either the state rules for reimbursing municipal welfare payments must be changed. Or the rules for equalizing payments among the municipalities must be changed.

6578

CS0: 3613/95

POLITICAL

DENMARK

BRIEFS

FIRST AMBASSADOR TO NICARAGUA--Denmark has named an ambassador to Nicaragua. He is Ambassador Mogens Wandel-Petersen who performs special tasks involving Latin America for the Foreign Ministry. Effective 1 January 1985 he was named ambassador to Managua with residence in Copenhagen, according to a press release from the Foreign Ministry Wednesday. The appointment indicates an upgrading of priorities with regard to Danish relations with Nicaragua at a time when the American government is stressing its hostility toward the Sandinist government in the Central American country. In the past Denmark's relations with Nicaragua have been handled by a local consul and the Danish Embassy in Colombia. The appointment of Wandel-Petersen, who is one of the Danish diplomats most familiar with Latin America, suggests that Denmark wants to strengthen its contacts with Nicaragua. It was not possible to get any comment from the Foreign Ministry on Thursday. [Text] [Copenhagen INFORMATION in Danish 11 Jan 85 p 1] 6578

CSO: 3613/95



POLITICAL

DENMARK/GREENLAND

# GREENLAND WINS FINAL EC APPROVAL, TO LEAVE EC SOON

Copenhagen BERLINGSKE TIDENDE in Danish 25 Jan 85 p 6

[Article by Thorkild Dahl]

[Text] The top-level meeting between the Danish prime minister, the Faeroese prime minister and the head of the Greenland government in Copenhagen was encouraged by the official announcement of Greenland's withdrawal from EC but the government's economic cuts and the coming negotiations on underground resources in Greenland and the Faeroe Islands were also discussed.

"It is now definite, Greenland will leave EC at the end of January. Congratulations, Jonathan." Foreign Minister Uffe Ellemann-Jensen (Liberal), with a telegram from the embassy in Rome in his hand, was able to say those words to an obviously happy Jonathan Motzfeldt, head of the Greenland government.

The withdrawal fell into place when the West German ambassador to Rome and a special courier from Ireland deposited the ratification documents on Greenland's withdrawal from EC with the Italian government.

"There remain various problems in connection with the payment of 210 million kroner for EC's fishing agreement with Greenland. There is some opposition in the EC Commission to paying the money, but an agreement is an agreement," the foreign minister said.

Uffe Ellemann-Jensen told BERLINGSKE TIDENDE that he will ask EC Commission chairman Jacques Delors, Budget Commissioner Henning Christophersen and the chairman of EC's Council of Ministers, Italian Foreign Minister Giulio Andreotti, to come up with the money in Brussels on Monday.

Government leader Jonathan Motzfeldt was strong in demanding the payment of 210 million kroner for EC's fishing rights off Greenland at a press conference following the top-level meeting.

"It is up to the EC countries whether or not they want fish. If they want them they have to pay for fishing rights first," said Jonathan Motzfeldt.

Greenland's delayed withdrawal from EC was one of the items on the agenda of the second national meeting of Prime Minister Poul Schluter (Conservative), Greenland government leader Jonathan Motzfeldt and newly-appointed Faeroe Islands Prime Minister Atli Dam. Foreign Minister Uffe Ellemann-Jensen, Greenland Affairs Minister Tom Hoyem (Center-Democrat) and Fisheries Minister Henning Grove (Conservative) also took part in the talks.

While the clouds lifted over the delayed Greenland withdrawal from EC there were other weighty problems on the agenda, primarily the government's cuts in funds for both the Faeroes and Greenland and the coming negotiations on the underground resources of these two parts of the national community.

Faeroese Prime Minister Atli Dam and Greenland Prime Minister Jonathan Motzfeldt both deplored the cuts.

Atli Dam said the cuts had a very different impact on the three parts of the nation and were quite serious for the Faeroes. Jonathan Motzfeldt asked that Greenland be spared further cuts in order to preserve jobs there.

Foreign Minister Uffe Ellemann-Jensen said that neither Greenland nor the Faeroes could be spared economic austerity measures as long as the state deficit continues to grow.

Prime Minister Atli Dam announced a move in the fall concerning the right to extract raw materials from the Faeroese subsoil. It will not be based on a compromise with a joint Faeroese-Danish committee and there will be no veto right for either side.

This makes the move different from the agreement on Greenland's underground resources which Prime Minister Jonathan Motzfeldt wants to renegotiate so that the underground resources belong to the people of Greenland and decisions concerning them can be made by the government of Greenland.

6578

CSO: 3613/95

POLITICAL

DENMARK/GREENLAND

GREENLAND CHIEF CITES SECURITY POLICY DIFFERENCES WITH DENMARK

Copenhagen BERLINGSKE TIDENDE in Danish 24 Jan 85 p 3

[Article by Thorkild Dahl]

[Text] At the national meeting in Copenhagen today Greenland government leader Jonathan Motzfeldt will suggest to Prime Minister Poul Schluter that Denmark pay out 210 million kroner on behalf of EC and guarantee Greenland's fishing agreement with EC.

Greenland's underground resources belong to Greenlanders. Therefore the law on the economic distribution of revenues from underground resources simply must be changed if Denmark wants to accommodate the wishes of the people of Greenland.

Greenland government leader Jonathan Motzfeldt (Siumut [socialist, radical home-rule party]) will tell Prime Minister Poul Schluter (Conservative) this at the annual national meeting in Copenhagen in which newly-appointed Faeroese Prime Minister Atli Dam (Social Democrat) is also taking part.

The most urgent topic in the discussion today as far as Greenland is concerned is straightening out the withdrawal from EC.

"I hope it will be possible for us to set the withdrawal date for 1 February now that Ireland was the last country to ratify the withdrawal agreement on Tuesday," Greenland government leader Jonathan Motzfeldt told BERLINGSKE TIDENDE.

"It will be very satisfying to be a politician in a country like Greenland when it is outside EC, since we will be able to decide for ourselves how the fishing industry should develop. We will feel much more self-confident and responsible for our own affairs than we have during the last 12 years," Motzfeldt said.

However the withdrawal arrangements are not definite yet and Motzfeldt will ask the prime minister to immediately pay Greenland 210 million kroner for the fishing agreement with EC that accompanied the withdrawal agreement.

"The money should have been paid at the beginning of the fishing season earlier this month. We have not seen the money yet," said Jonathan Motzfeldt, who will ask Denmark to advance the payment.

"If we get the money before 15 March Greenland will rescind the decision on unilateral withdrawal," the government leader said.

New doubts were raised Wednesday on the payment which will go through the EC Commission. Today EC Commission chairman Jacques Delors and commissioner Frans Andriessen will discuss Greenland's threat to bar EC boats from fishing off Greenland.

"We regard the fishing agreement as suspended until the money is paid and if that does not happen by 1 February we will have to ask the Danish government to have fishery inspection ships halt fishing by EC boats in our waters," said Jonathan Motzfeldt. He added that so far Greenland had been very satisfied with the Danish government's quick reaction to difficulties with the EC agreement.

#### Security Policy

The foreign policy disagreement between Denmark and Greenland with their different views of the importance of EC membership does not extend to the area of security policy.

"It is an advantage for Greenland to maintain agreement on security policy and membership in NATO. The American bases in Greenland are part of our security and we cannot imagine throwing the Americans out," Jonathan Motzfeldt said.

An urgent topic in relations between Denmark and Greenland is the legislation on Greenland's underground resources.

"I think the question of the national community has been mixed up with this to an exaggerated extent. The national community could certainly continue to exist even if the underground resources belong to the people of Greenland. There are other values that bind the two together," said the Greenland government leader.

Motzfeldt suggested that Denmark and Greenland might divide the income from raw materials by giving half to each while under the current law the distribution schedule calls for first subtracting the entire Danish appropriation for Greenland before any surplus money is divided.

#### Spirit of Tolerance

This year Greenland will conclude the takeover of the last segment of the Greenland Trading Company and in the next few years the Greenland Technical Organization and Greenland's Fisheries and Environmental Organization will also be transferred to the local government.

"That will leave two major areas, housing and the health sector. But so much has happened in the last 6 years that we must take a break before we throw ourselves into two areas of this magnitude," Jonathan Motzfeldt said.

The head of the Greenland government stressed the transfer of vital areas to the government and predicted that the Greenland Affairs Ministry would die an honorable and natural death within the next few years.

"No one should be distressed by this. We should take pride in the fact that we have been able to find solutions in a spirit of complete tolerance on the part of the Danish parties, shifting Danish governments and Greenland," Jonathan Motzfeldt said.

There will also be a spirit of tolerance in the spring when Greenland will hold an advisory referendum in an effort to obtain its own flag.

"We have looked at 560 suggestions in the last 6 years. We hope it can wave side by side with the Danish flag on Greenland's national day, 21 June," said government leader Jonathan Motzfeldt.

6578

CSO: 3613/95

POLITICAL

FEDERAL REPUBLIC OF GERMANY

# TECHNOLOGY, ECOLOGY CONFLICT IN DRAFTING SPD PARTY PLATFORM

Hamburg DER SPIEGEL in German 7 Jan 85 pp 37, 40, 42

[Article: "Ecological 'Inspection Agency'. The Social Democrats are Looking for a New Party Platform in which Economic Considerations are to Play the Leading Role"]

[Text] While dining on meat patties and red wine, SPD Chairman Willi Brandt expressed his opinion on how his party should be: "The SPD is not a wall against which everyone of the male sex can lift his leg, but rather an oak tree against which one can scratch his back."

Those who want to revamp the 25-year-old Godesberg SPD platform by 1988 have been deliberating for some time on the shape, growth and future of this "oak tree." They met with Brandt and party economists shortly before Christmas for discussions on the ideas of the social democrats concerning economic, financial and social policy because, as Brandt put it, "the next Bundestag elections will be decided in these areas."

The economic part of the "new Godesberg platform" is to have the highest priority. The platform is to be in place by the end of 1986--in time for the Bundestag elections in the spring of 1987. There are those social democrats who hope that these economic considerations will finally allow them to make up the deficit which exists in social policy, and which until now has made their opposition role in the Bundestag seem so hopeless.

Unbothered by decisive alternative ideas by the social democrats, the liberal Christian coalition was able to initiate a turning point in social policy, beginning with tax benefits for the well-to-do and cuts in entitlements for pensioners and the jobless. And Finance Minister Gerhard Stoltenberg, as the one to implement these policy changes, was even able to ascend to the pinnacle of popularity unhindered by the social democrats.

Those who carried the hope of the SPD either disappeared into the realm of the free economy, such as former Finance Minister Manfred Lahnstein, or engrossed themselves in pet projects, such as Lahnstein's predecessor Hans Matthoefer who is devoting his attention to problems in Spain and South America. Those waiting to assume positions which had heretofore been occupied by renowned SPD economists such as Heinrich Deist, Alex Moeller, Karl Shiller and Klaus Dieter



Arndt were dispatched from Bonn to the hinterlands, such as former Schmidt government ministers Hans Apel and Volker Hauff, now candidates for mayoral positions in Berlin and Frankfurt.

Wolfgang Roth, one-time chairman of the young socialists, was able to eliminate several of the competition on his way to becoming economic spokesman for the fraction, including former Labor Minister Herbert Ehrenberg, however he was never a serious threat to those in power.

Willi Brandt had hoped for a long time that Klaus von Dohnanyi, lord mayor of Hamburg, could add knowledge and style to the party as the chief social democratic economist, however he realizes today with disappointment that the once elegant soaring political figure has become a city hall supervisor who "is consumed by his work in Hamburg, and who naturally does too much himself" (Brandt).

The Godesberg commission, led by the head of the SPD together with the vanguard of liberal thought Erhard Eppler, conservative chemical union member Hermann Rappe and chairman of the SPD women's organization Inge Wettig-Danielmeier, will present party members with 94 questions in January. This list of questions begins with the philosophical-political question of whether it is possible to fulfill the "basic human need for preservation even within the platform of a progressive party." This question is followed by the problem of whether "more equality equals more justice."

The purpose of the second part of the platform, "labor, economy, ecology," is to establish a foundation in the social-democratic world order for dealing with questions concerning the environment. Twenty-five years ago the delegates in the Godesberg municipal auditorium brought their party of class struggle and socialization more closely in line with the society of the economic miracle by supporting the free market ("as much competition as possible - as much planning as necessary"); there was a demand for a "continual economic upswing." As was said at that time, "Based on a stable currency, economic policy must ensure employment, increase economic productivity and improve the general welfare of the country."

Behind this proposition was the belief in continuing economic growth which would prevent mass unemployment and would lessen social inequity. Continually increasing tax revenues were to bring about more public investments and increased social benefits. The destruction of the environment was not yet a problem for the platform makers of the late fifties.

By far the greatest part of the new Godesberg doctrine now concerns the question of whether or not "maintenance and reestablishment of the natural prerequisites for existence" can be realized even without the goal of further "growth of the gross national product." The commission is investigating the possibility of a better goal than the Godesberg concept of "improvement of the welfare of the country."

The theory that "ecologically responsible economic activity creates more jobs than it eliminates" is being discussed, as is the question of how best to

politically and democratically decide which sectors of the economy need growth and which do not.

For years Brandt had steeled himself against a far-reaching discussion of these topics--a discussion which above all Erhard Eppler wanted; Brandt did not want to harm SPD Chancellor Helmut Schmidt: "We were in power at that time, and a platform debate with its possible insecurities could have pushed aside issues which had higher priority at the time," said Brandt--the defense of the country.

Brandt has now thrown consideration and tactics to the wind: "If you want to regain lost power, you can't be cautious about everything." His right-hand man Eppler is banking on the fact that a public dispute over the new SPD party platform would be easier to stomach than quiet but unified opposition: "A platform is as valuable as the discussion leading up to it."

Two years after the transfer of power to the opposition, party members are happy that they are being noticed at all--even if only as the result of platform disputes among their own party members.

Central party headquarters has put out the word to achieve greater party recognition and to awaken the recollection that the old labor party still lives and breathes, because the SPD is not only becoming less and less attractive than the party in power, but is also trailing its opposition competitor, the Greens.

Enough headlines have been captured by the "ecological peaceniks." Not much longer will party members be able to use the alibi that they are being accused of mistakes and disputes which occurred during the time of the last SPD/FDP coalition. According to Brandt, "We didn't exactly leave power looking like white knights."

Talk about these "inherited problems" and the explanation that the SPD needs a "time cushion" before it has "distanced itself sufficiently" (Brandt) from its social-liberal past and can present a new economic program draws attention away from the real problem: There is no unified platform.

Even the first position papers show that the SPD is still far away from attaining this goal. The commission is no longer concerned with catchy phrases such as "socialization" and "investment guidance", with which some liberals earlier shocked the conservatives; now there are two opposed factions: those such as Rappe and Roth who are leaning in a technocratic-economic direction, and the ecological-socialist line represented by Eppler together with Johano Strasser, the former young socialist ideologue and current professor at the Free University in Berlin.

Rappe indicated that one of his main concerns is that the SPD continue in the future to think in terms of an industrialized society. For this reason, he feels the SPD must accept a structural change "away from antiquated industries and toward new innovative ones ... away from physical labor and toward the machine ... as a necessary fundamental requirement for the maintenance of our worldwide competitiveness."

He noted, however, that provisions are necessary for "enabling the use of technology and future planning, and simultaneously for helping assuage anti-technology feelings concerning the installation of reasonable social protection systems."

"The state must provide directional guidance," he said, "in order to develop new technologies and to bring them to market." Such guidance should take the form of research promotion, specific tax breaks and subsidies--a policy precisely in line with that of the ruling Kohl/Genscher government.

The chemical union member simultaneously warns against too many "environmental repairs" and defensive health and environmental protection. More appropriate, he feels, would be for the state to allocate funds for environmental protection as long as such investments would lead to the creation of new jobs. In his position paper, Rappe gives as examples the manufacture of filters for power plants and catalytic converters for automobiles.

The influential right-wing social democrat has ordered according to priority those measures which he feels necessary: "The state must take over the performance of considerable tasks for the development of new technologies, social control of their effects on the worker, further development of the FRG as an industrialized nation while incorporating those ecological requirements necessary to ensure jobs, correction of known environmental damage to date, and preventive maintenance to preclude future damage." And finally, the social democrats--and this is Rappe's contribution toward "ensuring life, jobs and the environment"--should introduce equally represented co-determination within the coal, iron and steel industries in all large companies with over 1000 employees. "Ecosocialists" Eppler and Strasser see things just the other way around. According to Eppler's simple rule of survival, future growth "should only be allowed where the environment is protected and promoted." His example: "We need growth in the federal railroad, not in road construction." Growth should only be allowed in cases "where the economy has the ecological 'inspection agency' behind it."

Eppler contradicts his party friends Rappe and Roth, who want to prevent errant market development with more co-determination. According to Eppler, "ecological co-determination goes too far, and could even make problems worse" if it leads to self-serving decisions by companies against the demands of the environment. In his view, new models of co-determination are needed in which, for example, the neighbors of industrial firms are also afforded the right to participate in the decision-making process.

In a paper entitled "Socialism and the Crisis of Industrialism," Johano Strasser advises his party to give up the Godesberg idea of welfare through growth as quickly as possible. Fewer and fewer people believe "that perfecting man's access to nature and the continuing increase in production and consumption are noble ways of attaining happiness and freedom." He sees this errant development not only in capitalism, but also in statism. Therefore the crisis of industrialism is "not only a crisis of capitalism, but also a crisis of the conventional forms and models of socialism."

His self-criticism and criticism of the system goes even farther: "An ecologically enlightened socialism (ecosocialism) must discard the technocrat ideas of state-centralist planning and guidance. This attempt to overcome capitalist irrationality and inhumanity by exaggerating the tendency toward concentration and centralization of economic power has been historically refuted."

If it were Strasser's job alone to come up with a new platform, the SPD would enter the 1990's with a new radical social order: Companies would be small and less unwieldy, and ministries and government agencies would be reduced to a minimum. The careful use of raw materials and energy would be the prerequisite for all types of production, and the citizen would no longer take orders, but would have a say in his working conditions.

Progress in Strasser's new world would be achieved by "subtler technology better adapted to the needs of the people." Higher labor productivity and shorter work weeks would be desirable goals if they did not devalue labor or lead to increased environmental impact. The resulting greater amount of leisure time could be used by people for "creative activities"--home projects, neighborhood assistance projects or self-help projects in groups or charity projects.

In Strasser's model, these services would partly take the place of state controlled and jointly- and severally-financed health and unemployment insurance and social security benefits, which would only cover basic risks. His thesis: An ecologically enlightened socialism must ... discard the vision of welfare-state care of all members of society."

This kind of enlightenment goes too far for some social democrats who have gladly helped to weave the social net. Rappe, who as a union member must traditionally fight for additional social benefits, considers such ideas of small units, individual initiative and self-care as a betrayal of the labor movement: "The unions cannot allow this type of thing to happen. Not everyone has adequate resources."

If the commission follows Rappe's recommendations, the SPD should have difficulty speaking to voters who favor the Greens, and should have a hard time putting together the "majority this side of the CDU/CSU" promised by Brandt. And voters who have doubts about the belief in growth espoused by the liberal Christian coalition will hardly allow themselves to be pulled into the social democrats' camp by such a platform.

On the other hand, a new Godesberg platform for the SPD which meets with Strasser's approval will attract the votes of many union-organized voters who traditionally vote the SPD ticket, and to whom jobs are more important than environmental protection or private social aid. The SPD formerly had made progress with a strong "have your cake and eat it too" philosophy. How the party will react now is still an open question.

"It will be unusually difficult," predicts commission member Hans-Ulrich Klose. The advice of the former mayor of Hamburg, who was then considered by Brandt as one of the few economic policy talents in the SPD, is to "precisely define what we want, what we are able to do and what we will do. Somehow these goals must overlap, otherwise the situation will become a little crazy."

POLITICAL

FINLAND

# HIGH CPSU OFFICIALS MEET SEPARATELY WITH FEUDING CP FACTIONS

Helsinki HELSINGIN SANOMAT in Finnish 2 Feb 85 p 3

[Article: "CPSU Representatives Met With Different Factions of SKP"]

[Text] Two high-ranking representatives of the Communist Party of the Soviet Union were in Helsinki last week to meet with representatives of the different wings of the Finnish Communist Party (SKP).

Vitaliy Shaposhnikov, deputy director of the CPSU international division, and Stefan Smirnov, a worker in the Scandinavian division, met individually with at least five SKP representatives during the week.

Speaking with the CPSU representatives were Arvo Aalto, chairman of the SKP; Veikko Saarto, chairman of the SKDL [Finnish People's Democratic League] parliamentary group; Jouko Kajanoja, former chairman of the SKP; Taisto Sinisalo, head of the minority faction; and Olavi Hanninen, member of the SKP political committee and second chairman of the Central Federation of Finnish Trade Unions.

The discussions with the CPSU representatives were described as "businesslike" in the SKP. On the other hand, it was emphasized that they had expressed concern about the increasingly critical situation in the SKP. In addition, the lengthy visit was described as a fact-finding tour before the extraordinary party congress, characterized as crucial, in March.

The Sinisalo minority of the SKP has announced it will not put in an appearance at the congress to be held 23 March on the majority's terms.

It was reemphasized by the majority leadership on Friday that the current SKP leaders do not intend to permit a situation in which, in practice, two parties function within the SKP.

Elections for the extraordinary party congress will be held at the end of February and the beginning of March. The period for nominating candidates ends 10 February.

The CPSU representatives also met in Helsinki with leaders of the Social Democratic Party and the Center Party.



POLITICAL

FINLAND

# COMMUNIST PARTY DISPUTE CONTINUES AS SPECIAL CONGRESS NEARS

## Leading Newspaper Comments on Split

Helsinki HELSINGIN SANOMAT in Finnish 22 Jan 85 p 2

[Editorial: "Saarto's Meekness No Longer Appeals to Arvo Aalto"]

[Text] The independent application of operations in the fight to the finish has now been carried out in the SKP [Finnish Communist Party]. The party's leadership has established its own district organization in the final region dominated by the minority. The briskly implemented plan took the minority led by Taisto Sinisalo unawares and reciprocally increased chairman Arvo Aalto's credibility in efforts to unify the party.

The minority has been purposefully and also arrogantly pushed aside in the party's organization, but the operation has nevertheless been humane compared with the usual acts in the communists' power struggle. The party leadership has wrested the opposition to one side, but not even the slightest violence was used.

Since all the district organizations are now in the party's reins, the betting on who has won can be stopped, at least in this respect. Black Peter is now indisputably among the majority's cards and will also remain there. The SKP leadership can, of course, be accused of breaking up the party if it expels the minority's district organizations, but not even a radical deed like that can any longer change opinions about who has turned out to be the SKP's "trouble-maker" over the years.

Veikko Saarto's concern about the loss of the ultraleft's support due to the split is naturally understandable. But has not the very same concern been in the background of the new SKP leadership's straightforward measures? The difference may only be in the fact that Saarto has been worried about the immediate consequences of the split, while Arvo Aalto is probably looking further into the future, in space and in time, when the dust has already settled and the indispensable temporal remoteness from the turmoil has been obtained.

At least from the standpoint of Aalto's and Aitamurto's tactics, Veikko Saarto's "shortsightedness" impedes a power play and benefits the minority. The minority wants to avoid the split to the very end, especially now when it is clear that



Arvo Aalto's tactics and the SKP's attitude toward government responsibility have in large part pulled the rug out from under the minority's feet. Both the minority's drawing cards have turned old very suddenly.

Occasionally, the dispute was formally attired in the cloak of government responsibility, but now the entire party favors being in the opposition. A divided SKP would very probably be quite unanimous in the opposition, and it would mean a reduction--from what it was before--in the minority's importance. Steps would be taken in due course to negotiate a return to joint leadership, and it is then questionable whether the minority would be able to obtain conditions better than at present for returning. The background powers could also be assumed to submit to a limited reconciliation no later than the stage in which the current leaders have used up their time and their energy in fruitless bickering.

The minority's other essential demand--removal of the present party leadership--has experienced the same fate as the demand concerning opposition: it is equally unrealistic. The minority's tactics have lost to the majority's tactics.

Since the SKP's fate is also influenced by strong external forces, it is useless to make predictions. Arvo Aalto has, however, sealed his intentions and his fate as well by being of the opinion that a double life or unity on TIEDONANTAJA's terms can no longer be taken seriously after all that has happened. The songs' ransom is costly, whether it happens this way or that.

#### Majority Rejects Stalinist Demand

Helsinki HELSINGIN SANOMAT in Finnish 27 Jan 85 p 7

[Article: "SKP Majority Rejected Taisto Sinisalo Backers' Demand; Kajanoja Again Turned Up in Central Committee"]

[Text] As expected, the majority leadership of the Communist Party turned down the demand of the Taisto Sinisalo minority to convene an extraordinary party congress in February, for example, to discuss the doings of the current party leadership.

Likewise as expected, the SKP Central Committee decided to adhere to the minority districts' first demand in accordance with which the extraordinary party congress should be convened with new congress delegates.

The minority has, to be sure, had time to withdraw its old demand for a party congress to be held with new delegates and at the beginning of January it presented a new demand for a congress to be held with the old delegates.

The meeting was "disturbed" by the presence of former SKP chairman Jouko Kajanoja, who stopped by to give his dissenting opinion on the decision by which the Central Committee accepted as its members five new majority district organizations founded in minority areas and 38 new party divisions.

Kajanoja turned up at a Central Committee meeting for the second time since he was replaced last May by Arvo Aalto. At the 20th party congress, Kajanoja was still elected to the Central Committee, whose work he shunned.

The first time Kajanoja came to the Central Committee in December he had with him a petition for unity signed by about 11,000 persons.

#### Congress Not Canceled

Political committee member Esko Vainionpaa presented a reply to the new demand made by the minority districts at the beginning of January. According to him, the minority's chicanery involving the demand for a congress shows that "grouped leadership" is not ready for the preliminary work for a party congress in accordance with the rules.

The minority has refused to participate in the congress preparations and the congress itself because of the majority's tone. The period for appointment of candidates to the party congress ends 10 February which, on the other hand, is considered a back limit in the majority.

Vainionpaa justified rejection of the minority's proposals by the fact that alteration of the purpose of the congress does not make it possible to abandon the party congress to be held 23 March. He accused the Sinisalo leaders of shifting "to a more and more tasteless and deceitful campaign against the party and its leadership."

#### Expulsion Was Debated

Vainionpaa did not delve--in his speech distributed to the public anyway--into the issue which preoccupies the SKP: possible expulsion of the minority districts. On the other hand, the question flared up in the discussion on rules changes.

In the discussion it was believed that if the minority nevertheless turns up at the extraordinary party congress, the majority's strength will not suffice to change party rules in the manner contemplated. The object is, namely, to change the rules so that the support of more than every third district would be required to convene an extraordinary party congress. The current limit is at least one-third. A two-thirds majority is needed for a rules change. The problem would be solved, for example, by expelling one minority district right at the start of the party congress.

The Helsinki district's Ilpo Eerola remarked on a recent statement by general secretary Aarno Aitamurto according to which minority districts would not be expelled at an extraordinary party congress but the power of expulsion will be transferred to the Central Committee by a rules change.

According to the statement, Eerola pointed out that there may be opinions in the Central Committee that a proposal for expulsion could be made immediately. According to Eerola, there should be no predictions about the decisions to be made. According to the statement, Aitamurto gave one to understand that the existence of a double district system cannot continue for long. The Central Committee

could thus use its new power of expulsion, if necessary, quite soon after the March congress when the minority's reaction becomes clear.

The Central Committee's meeting ends Sunday when, among other things, the rules change proposal for the party congress will be prepared.

#### Central Committee Tightens Control

Helsinki HELSINGIN SANOMAT in Finnish 28 Jan 85 p 10

[Article: "SKP's Majority Leadership Drives Sinisalo Backers into Tighter and Tighter Corner; Central Committee Given Right to Expel Minority Districts"]

[Text] The majority leadership of the Communist Party is once again tightening its stranglehold on the Sinisalo minority. In March, namely, the SKP will push through rules changes which, when they are implemented, will put the minority in a tighter bind than before.

On Sunday the SKP Central Committee approved a rules change proposal to be made to the extraordinary party congress in accordance with which the Central Committee would also obtain the right to expel (minority) districts, and a party congress would no longer be needed for the matter.

Secondly, the party leadership will force a change in the rules which would make it impossible for a current-strength minority to constantly demand the convening of party congresses.

According to the current rules, an extraordinary party congress can be convened if at least one-third of the districts demand it. According to the rules change, the support of more than one-third would be needed from now on.

Passage of the rules changes is tied to the minority, which can prevent the clause alteration in March if it participates in the congress. The former standpoint, according to which the minority would not take part in the March congress, was in effect on Sunday at least.

#### Minority Has Over One-Third

On Sunday the Central Committee confirmed the number of delegates from the party districts for the congress in March. If the minority comes along, there would be 355 congress delegates altogether, or eight more than at the 20th party congress.

Two hundred and thirty-six delegates are chosen from the majority's 16 districts, and the minority has the opportunity to select from its eight districts 119 delegates, or barely more than one-third. A two-thirds majority is needed to change rules.

The minority has until 10 February--when the period for appointment of delegates ends--to change its mind.

Also on Sunday former chairman Jouko Kajanoja, who participated in the meeting, proposed--without gaining support from others--abandonment of a rules adjustment. Falling on equally deaf ears was his suggestion to remove from consideration preparations for the March congress and to explore the possibilities of "bringing about a unifying extraordinary party congress."

Kajanoja also announced he would bring "party-disruptive steps" to the attention of the SKP's supervisory committee.

SKP chairman Arvo Aalto emphasized at a news briefing that the intent of the rules changes is to put an end to the minority's "game playing." Giving the Central Committee the right to expel districts Aalto called "all-purpose insurance" to which one can resort as an extreme measure if the minority does not submit to normal party life after March.

Aalto accused the Sinisalo minority of flagrant misuse of the rules book. "Would you have considered these kinds of goings-on normal in some other party?" he asked.

The minority's activity, which has not left the party leadership any alternatives, was given by Aalto as grounds for establishing new districts. He considered a rules reform to border on the inevitable.

Since December, the majority has established in minority areas seven new districts, to which over 3,500 members have attached themselves. More than 750 new members altogether have come into the party; this is more than in the previous 2 years, according to Aalto.

The SKP announces its membership as a good 34,200. Sixty-six new party divisions have been founded and, in addition, six dormant divisions have been revived.

Will Party Leadership Continue?

Aalto dodged the question of whether he and general secretary Aarno Aitamurto would continue in the party leadership after March as well. Aalto said that preparations for the issue have not yet begun.

People in the SKP are steering tenaciously clear of information fragments that Aitamurto would return before long as chairman of the Construction Workers' Federation--he has been on a leave of absence from his job since last summer.

According to Aalto, the issue has not been up for consideration within the party leadership, nor has it been discussed privately. "There is nothing in our personal relations which would make the issue (of Aitamurto's departure) timely," Aalto pointed out.

According to Aalto, political committee member Esko Vainionpaa's recent trip to Moscow did not take place on orders from the party but was a work trip to which "as far as I know, only meetings connected with the trip" belonged. It is customary in the SKP to inform brother parties of the travel plans of the party leadership's members.

The Central Committee approved a number of standpoints in the ordinary manner. The SKP suggests that the four Nordic countries make a resolution in principle to form a zone free of nuclear weapons in the Nordic countries. Positions were also taken on a proposal to reform civil servant legislation and on employment law reform.

#### Aitamurto Offers Olive Branch

Helsinki HELSINGIN SANOMAT in Finnish 30 Jan 85 p 9

[Interview with Aarno Aitamurto, general secretary of the SKP, by Kyosti Karvonen: "SKP General Secretary Aarno Aitamurto Entices Minority to Party Congress: 'Taisto Sinisalo Backers Will not Be Expelled in March'"; date and place of interview not specified]

[Text] SKP general secretary Aarno Aitamurto is enticing the party's minority to the extraordinary party congress in March. In a HELSINGIN SANOMAT interview, Aitamurto hints that the entire party leadership may undergo a change if the Sinisalo supporters adopt a different course. At the same time, however, Aitamurto threatens the minority districts with expulsion "before long." According to him, a double system of district organizations cannot become a "permanent condition."

A feeling of temporariness hovers in the bare workroom of general secretary Aarno Aitamurto on the fifth floor of the Culture House.

The bookshelf stands agape, nearly empty. The number two man in the Finnish Communist Party does not even have Lenin's "Collected Works" or Marx's "Das Kapital" on his shelf.

One nevertheless recognizes the room as the work chamber of the SKP general secretary from the painting--bestowed by the Communist Party of the Soviet Union--hanging on the back wall, for example. In the painting, Svinhufvud hands over Finland's declaration of independence to Lenin on 31 December 1917.

Former SKP general secretary Arvo Aalto received the painting as a gift in 1978, when affairs in the SKP were different. The plate which mentions the donor is still well-polished.

Aitamurto will most certainly not enjoy as long a stay in his room as Aalto, who resides in the room next door and whose term as general secretary lasted 15 years.

If Aitamurto's term as general secretary should be of short duration, ahead would be either a return to the leadership of the Construction Workers' Federation or perhaps a promotion to SKP chairman.

[Question] Is the leadership spot of the Construction Workers' Federation waiting for Aitamurto's return?



[Answer] It is waiting for someone.

[Question] Will a new general secretary also be chosen at the extraordinary party congress?

[Answer] All the Central Committee members' positions are available, of course. We will discuss personal matters as the party congress draws nearer, when it begins to become evident who the delegates will be. We do not even know whether the minority backers will come along.

During the last party congress on 20 May, Aitamurto aspired to be chairman, but he could not get the majority of the majority behind him. Loyalty to Aalto did not collapse from the Sinisalo tactics or even the trip to Moscow.

If, as it now appears, only majority backers assemble at the Culture House in March, Aitamurto can again stay on as number two man. The situation could be different if the minority changes its mind.

[Question] If the position of chairman is offered in March, will you accept the offer?

[Answer] Same reply as to that question about the general secretary. It would be frustrating for those who are chosen as delegates to the congress if I now made known my position, where there have been no discussions even in the political committee or with Aalto.

I do not know whether a few turnabouts by the minority would evoke some new pictures. I hope that the minority would make a complete turnabout. We would then certainly end up taking another look at the pictures.

[Question] Pictures of chairmen?

[Answer] Yes, the whole thing, the entire party leadership. We have taken as a starting point, however, that personal matters will not even be mentioned in January and February.

[Question] The last time the minority was offered 15 places on the Central Committee, the position of deputy chairman and a few places on the political committee. What would be offered now?

[Answer] The shivering in the field is such that so much can no longer be offered, but the situation in practice is different, of course.

"Discussion on Embassy Level"

TIEDONANTAJA, the voice of the minority, showers regular abuse on Aalto in particular. Aitamurto also gets his own share, but the Sinisalo inquisition always names Aalto as the chief disrupter. And at the last party congress the minority hanged itself, specifically in the person of Aalto.

Aitamurto has eluded the readied ax, by name at least, in the news media of the Soviet Union.



[Question] Have new standpoints come from the CPSU after the message brought by Grigoriy Romanov in the autumn?

[Answer] No official standpoints or new things. A few delegations have gone off in one direction or another. There have been unofficial discussions but no real negotiations.

[Question] On what level?

[Answer] From our viewpoint at a high one, of course. On the opposite side, it has proceeded on the embassy level.

[Question] Has the issue of expelling the minority districts come up in the discussions?

[Answer] There is no reason to give information about these conversations here.

[Question] Does the party leadership have any plans to travel to Moscow?

[Answer] At this moment neither I nor--as far as I know--Aalto have any special travel plans.

[Question] Are the SKP leadership's relations to the CPSU of a routine nature?

[Answer] There have been various kinds of contacts here, and I do not know what is meant by routine.

[Question] Are relations on the level you would hope them to be on?

[Answer] I will not go any further in commenting on these relations.

[Question] Are they on the level on which they have sometimes been?

[Answer] I just said that I will not comment.

[Question] What kind of personal relations do you have with the CPSU? Are they an equally secret matter?

[Answer] They are indeed a confidential matter.

[Question] Have there been problems in the exchange of visits by the SKP and the CPSU?

[Answer] Concerning these issues there has been an agreement not to delve into them in public. Last year the issues were attended to in their own way. We made a proposal and received a response, and on this basis the issues were attended to.

[Question] Do the SKP's relations with the CPSU have an effect on Finland's state relations?

[Answer] The SKP has worked for the benefit of state relations for 40 years and longer, and will continue to do so. In this sense, the SKP is a very important factor in the future, too. Of course, the SKP's role was more important in the 1950s when the Conservative Party and the Social Democratic Party opposed current foreign policy.

Think, for example, about the Finland-Soviet Union Society, whose work depends decisively on the members of the SKP and the SKDL [Finnish People's Democratic League].

It is clear that they also have an effect on the relations between states, but it is equally evident that party events do not influence the attitudes and work of SKP members.

[Question] What is the reply to the minority's speeches that the SKP's allegedly bad relations with the CPSU also influence relations between the states?

[Answer] I do not feel that it is that way today.

Attorney Aitamurto, 48, is considered the SKP's organization roller whose task is to translate Aalto's political ideas into the language of organization. Within the party, however, it is said that Aitamurto clearly has his own line and that relations between the leadership twosome are not cordial. Even the minority does not have much to object to in his political views.

Aitamurto himself does not really feel he deserves his reputation of organization roller. The general secretary, who is called a tough cookie by many majority communists, also has, in his own opinion, his soft side.

"My role is poorly understood if it is understood in that way. The general secretary is, I suppose, an organization man, but it seems to me that the situation in practice has not so often been the way it has looked from the outside.

"There is such a small staff in the SKP that here you end up doing all possible things. I have been less involved in the organizational hustle and bustle than I thought beforehand."

The SKP's already stretched rule book has received quite new extensions during Aitamurto's time. And where the old rules are inadequate, new ones are made.

The most recent display of rules legerdemain by Aitamurto and organization secretary Risto Koskinen was seen last weekend. The Central Committee pushed through a proposal which gives itself the right to expel minority districts as it pleases, even one by one.

The rules change pulls the foundation out from under the intentions of the Sinisalo backers to hang around in the party until Judgment Day. At the same time, a carrot was left dangling: the minority can prevent the entire rules reform if it comes to the party congress.

## "Saarto Talks Through His Hat"

[Question] Will the party leadership hesitate if expulsion of the minority is finally up for consideration?

[Answer] It is too early to say who will hesitate and who will not, but one thing is certain: the split in the party is coming to an end. Decisions on expulsion will quite certainly not be made in March. There is no 100-percent certainty since not even the delegates to the congress have been chosen yet.

This much can be said: the double district organizations cannot become a permanent condition.

[Question] What does permanent condition mean?

[Answer] That the issue has to be resolved somehow.

The clear expulsion threat does not prevent Aitamurto from wondering where Veikko Saarto, chairman of the SKDL's parliamentary group, found grounds for warning the majority about expulsion of the minority.

"I was astonished. By bringing up such a thing, Saarto is indirectly claiming that we have expulsion plans. It is surprising indeed that many parliamentary representatives have similar ideas. Saarto is talking through his hat, and many people in the field have asked what has gotten into Veikko."

[Question] But last year Aalto clearly threatened with expulsions.

[Answer] There has undoubtedly been occasion to feel that way at some stage but not after the Central Committee met in December.

From positions of power, it is easy for Aitamurto to underscore the party leadership's patience and leniency toward the Sinisalo backers.

"Our purpose is not to coerce or subjugate the TIEDONANTAJA group. The minority members certainly have an opportunity to influence matters, but they have to live within the party just like the others."

[Question] Is not belief in the minority's acquiescence an official optimism?

[Answer] Experience shows that splits like these are solved before long. I believe it will happen this way. It is also a matter of what kind of wandering in the wilderness the TIEDONANTAJA group will undergo.

Many well-known SKDL members have started a discussion about the organization's future alongside a majority-dominated SKP. The topic is given additional timeliness by the SKDL's congress to be held in the spring when at least chairman Kalevi Kivisto's post is up for grabs.

[Question] Could a communist also be elected to the SKDL's leadership?

[Answer] If good teamwork and unconstrained relations are achieved, it is not so indispensable for the chairman to be a socialist and the general secretary a communist, or vice versa.

There are different kinds of forces in the SKDL, and the SKDL is by all means needed. It is only a question of how its work can be adjusted when there are personnel changes, and a new era, as it were, begins.

Obviously in this situation, where the SKDL's socialists have a definite need for external exposure, either the chairman or the general secretary is likely to be a socialist. The situation may be different sometime in the future.

[Question] Is it sensible to maintain two organizations?

[Answer] There are indeed intellectual differences between the SKP and the SKDL, and they are greater with the socialists than with the more moderate communist minority members.

[Question] It is alleged that "majority Stalinism" is manifesting itself in the SKP. Is there any foundation for this talk?

[Answer] Those are the ideas of (former SKDL general secretary Jorma) Hentila. They are not typical in the SKDL.

#### Kajanoja Makes Compromise Bid

Helsinki HELSINGIN SANOMAT in Finnish 30 Jan 85 p 9

[Article: "Kajanoja Brings Together Communist Party's Rescuers"]

[Text] The group which represents the Communist Party's so-called third line announces that it is dissociating itself from the "hapless truncated congress" which it believes the SKP's extraordinary party congress is shaping up to be.

According to the group's standpoint, the outline of the political document prepared for the congress neglects the party's basic tasks and supports the playing of politics on the upper level. The proposed rules change is thought to mean a curtailment of democracy and the members' rights.

Former SKP chairman Jouko Kajanoja and a group of other third-liners intend--after the "disruptive party congress"--to call together the party's members to decide how the "Communist Party in Finland can be saved."

In the appeal it issued on Tuesday, the group criticizes the party's leadership for violent and disruptive measures. What it proposes in their place is a gathering of communists for an "intellectual, political and organizational line based on Marxism-Leninism."

According to the group's theses, the party should shift the center of gravity from the pursuit of cooperation at the upper level to activity in workplaces, residential areas and organizations. In place of isolation, relations with the CPSU and other brother parties should be strengthened, in the group's opinion.

The activity of the current party leadership is condemned as dishonest, unscrupulous and in sharp contradiction to the goal of party buildup based on the membership, it is stated in the appeal.

In addition to Jouko Kajanoja, the group of some 20 signers includes parliamentary representative Pirkko Turpeinen and Reino Leinonen, the dismissed district secretary of the Kainuu district.

#### Stalinist Newspaper Defies Moderates

Helsinki HELSINGIN SANOMAT in Finnish 31 Jan 85 p 8

[Article: "Sinisalo Backers Strike Back: Decision Made to Expand TIEDONANTAJA Paper"]

[Text] On Wednesday, the Sinisalo minority of the Communist Party launched a counterstroke in response to the fact that the SKP's majority leadership is sovereignly taking up the reins of the party. The Sinisalo supporters decided to expand their newspaper TIEDONANTAJA by changing its Friday issues into weekend issues larger in terms of number of pages. In addition, they will begin to publish a new theoretical/political supplement once a month in TIEDONANTAJA.

The Sinisalo supporters who have grouped themselves behind TIEDONANTAJA are also launching a broad campaign of statements against the SKP's extraordinary party congress which, according to the Sinisalo minority, is becoming a congress of disruption. All the minority's organizations are asked to take a stand against the party congress. Silence is interpreted as giving support to the congress of disruption.

The actual split in the SKP was seen very concretely on Wednesday when the SKP's Politburo and TIEDONANTAJA's background organizations gathered in different places at the same time. Statements were issued from both conferences: the Politburo expressed its concern about Russian language instruction, the Sinisalo supporters about transnational capital and the dissolution of the SKP.

Condemned in the Sinisalo supporters' statement are decisions made over the weekend by the SKP Central Committee "under the direction of Arvo Aalto" to disrupt the party, change its nature and demolish its position in society. According to TIEDONANTAJA's publishers, the extraordinary party congress in March has only one task: "to strengthen the positions of Aalto's narrow leadership group."

#### "Puppet Districts Do Damage"

In their statement the Sinisalo supporters refer to the new district organizations established by the SKP's majority leadership as puppet districts.

"The establishment of puppet districts and their approval in the Central Committee as instruments of the power struggle brutally damage the principle of democratic centralism and the rules of the party. The use of state support for parties as an instrument for discrimination, oppression of opinions and support of the party leadership's positions is scandalous conduct with public funds," say the Sinisalo backers.

As a weapon to fight with, the Sinisalo supporters intend to introduce experiences of struggles at workplaces as well as more culture and activity by youth and women in the new weekend editions of TIEDONANTAJA, which will begin to appear in the early part of March and which can be ordered separately.

The intention is to develop the theory supplement into an "instrument of debate on party strategy."

TIEDONANTAJA, which is published by the minority's district organizations, currently appears 4 times a week. The newspaper is also undergoing technical renovations, because a nearly 1-million-mark display terminal system has just been obtained for it.

#### More New Papers, Too

TIEDONANTAJA's expansion is not the only innovation in the communists' newspapers. A special newspaper is also on the way for the "unity forces" which operate mainly around Jouko Kajanoja. Parliamentary representative (and Sinisalo supporter) Esko-Juhani Tennila and former SKP education secretary Erkki Rautee are taking steps to bring out the paper named YHTENAISSYYS.

The first issue of YHTENAISSYYS will appear in mid-February. The paper is supposed to come out at 2-week intervals.

The paper was founded by the "Initiative Committee on Behalf of SKP Unity." Belonging to it--in addition to Tennila and Rautee--are the Sinisalo supporters and the so-called third-liners, Pirkko Turpeinen, Reino Leinonen, Hannu Vuorio, Sten Soderstrom and Matti Kauppi, among others. Kajanoja himself does not belong to the Initiative Committee.

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POLITICAL

FINLAND

## SKDL'S TROUBLE IN REPLACING CHAIRMAN ATTRACTS MEDIA ATTENTION

### Party in Trouble

Helsinki UUSI SUOMI in Finnish 22 Jan 85 p 2

[Commentary by Jyrki Vesikansa: "Looking for a Chairman"]

[Text] The SKP [Finnish Communist Party] is filled to overflowing with rival leaders, but it is hard for the SKDL [Finnish People's Democratic League] to find a chairman as successor to Kalevi Kivisto, who is moving on to greener pastures.

Even the following advertisement could be offered for the system of Key Positions in U.S. companies: "Position of chairman in SKDL available to individual highly thought of and widely known by fellow citizens. Plenty of speaking tours, but remuneration not worth talking about. Well-organized trips as representative to eastern countries have ceased for time being, but ability to reinitiate them is considered substantial perquisite. Long career in labor movement and/or high academic title desirable; membership in SKP a negative. Above all, must understand how to leave decision-making to SKP."

From the very outset, the SKDL was founded as a citizens' front where--under the direction of the SKP, naturally--people from ultraleftists to liberals would be brought together. The main objective, however, was to capture the SDP [Social Democratic Party].

For that reason, former SDP party secretary and chief ideologist K.H. Wiik and assistant city manager J.V. Keto, a former member of the SDP party leadership, served as the SKDL's first chairmen. Both still had an unswerving vision of the old united labor movement.

Then a third veteran, Kusti Kulo, was chairman for 2 decades (1948-1968). The fact that not very many people even recognize his name tells something about the SKDL's status during that time both within the extreme Left and in the entire society.

A certain kind of picture of my granduncle's activity has indeed taken shape in my mind. As a person, Kulo surely brought the labor movement's principles to the SKDL field. When a hand grenade killed Tampere's Red commander Hugo

Salmela in 1918, staff member Kulo succeeded in rushing to safety. From there the way led to "Tammisaari university" and to the post of party secretary of the Socialist Labor Party in the SKP's aboveground branch.

Veteran Kulo understood well what the task of the SKDL chairman was: visit field festivities as guest of honor, hold speeches (that he knew how to do), be a representative in countries of the eastern group (after all, the "national front" is part of the system's standard equipment in these countries). A true political figurehead, on the other hand, was Hertta Kuusinen--and a genuine leader to outsiders was the nearly unknown SKP chairman Aimo Aaltonen.

The job of figurehead was certainly also intended for Ele Alenius--not, however, along the lines of the veterans but rather the young intellectuals. Not a particularly bad appraisal of the situation in 1968. Yet the youth mode swung to the Taisto Sinisalo philosophy, and Alenius made the mistake of taking the chairmanship seriously.

Kalevi Kivisto took a lesson from his predecessor and did not force himself offside by raising a ruckus about SKDL independence. However, his withdrawal from politics is probably also due to the judgment that the SKDL's side scene will soon come crashing down.

In order to get away somewhat from cover organization tactics, the successor cannot be a communist. The few noncommunists in the parliamentary group are too colorless, like, for example, Kalevi Suomela among the Alenius-like figureheads.

Antero Jyranki is well-known--maybe too much so. Many remember him as a social democrat and plenty as a leading figure in the 1950s' Freedom's Academic Alliance, which joined the SDP expressly because of the Honka operation.

Perhaps a public search should be made to fill the post?

#### Other Papers Comment

Helsinki UUSI SUOMI in Finnish 22 Jan 85 p 2

[Editorial roundup: "Chairman Game Widespread in SKDL"]

[Text] Chairman game widespread in SKDL, headlines the Social Democratic newspaper ETEENPAIN. After Kalevi Kivisto's switchover to district governor, the SKDL's chairman post which opened up has proven to be more difficult to fill than people were perhaps able to imagine. The search for leader candidates which has been under way since the autumn has not even progressed to the point where a few names could be discussed, much less to the point where somebody had emerged as a clear number one candidate.

According to the newspaper, the SKDL chairman is still to the very greatest degree "Comrade X." Virtually anyone from the group up for consideration or outside it can rise to the position.

The Center Party's SAVON SANOMAT states, for its part, that it understands the rejections of the SKDL leadership. The party chairman's job is thankless in the minds of many. As ideologists and good TV-performers, Ele Alenius and Kalevi Kivisto raised the level of requirements very high.

Nor does the SKDL's dropoff in support entice one to assume the post of chairman. Unsatisfactory success in the elections could be interpreted as a failure of the new chairman, even though it would not be a question of that.

Among others, a SATAKUNNAN KANSA writer who goes by the penname Tiika focuses attention on the controversies at the Institute for Research on Peace and Conflict. When Center Party member Vilho Harle was named to the position of leftist Tapio Varis, a considerable part of the institute's board of directors resigned.

"The institute does not need to go far to find and investigate the causes of conflict and their prevention. When it settles down to work on its in-house affairs, it will easily produce research on one conflict."

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POLITICAL

FRANCE

TJIBAOU ON INDEPENDENCE, PISANI PROPOSAL, RESULTS OF VISIT

Paris LIBERATION in French 31 Jan 85 pp 6-7

[Interview with Jean-Marie Tjibaou, head of the Kanak Socialist Liberation Front (FLNKS), by Jean-Michele Helvig and Dominique Pouchin, date and place not given]

[Text] Having come to Paris to plead the Kanak cause, the FLNKS leader departed yesterday for Noumea. He summarizes for LIBERATION the many contacts he made.

LIBERATION: You came to Paris for the first time in 1968. And you have already described the astonishment you felt during that visit (LIBERATION, 10 Jan 85). What have you now found changed?

Jean-Marie Tjibaou: In 1968, you could count the black people in the streets and on the metro. Now, that is impossible; they are too numerous. It's just an observation.

LIBERATION: From which you have drawn lessons?

JMT: Colonization leaves cultural traces. For example, colonization has forced and continues to force a certain kind of consumption. Formerly colonized peoples, when they were unable to find an identity which permitted them to assert themselves, remained attached to the "motherland." Those whom you one day "nourished" and then left without the means to nourish themselves had to follow you and share your nourishment.

LIBERATION: That is for the most part positive, a society which becomes multiracial...

JMT: There is no real political will in that sense, except perhaps vis-a-vis refugees from the former Indochina. The fact remains that a culture enriches itself by crosspollinization. There is no pure culture in the world, or at least I do not know of any.

LIBERATION: Not even the Kanak culture?

JMT: No more than the others.

LIBERATION: Have you been able to meet people outside your official contacts?

JMT: Few. When I went to the Invalides Esplanade with some photographers I ran into some people. Those who did not want to see me said nothing. The others called out to me...

LIBERATION: What did they say?

JMT: "Well now, Mr President, is it independence soon?"

LIBERATION: Why are there so few Kanaks in Paris?

JMT: Doubtless because it is cold...No, in the first place because it is so far away and there are no real reception structures to facilitate one's passage and make one feel at ease.

LIBERATION: You explained with a smile that you had come here in a way to escape a news system which is limited to one daily newspaper and one television-radio station which are hostile to your positions. What is your opinion of media pluralism in France?

JMT: On the whole, my message has been passed on. How it was received is another matter. But I feel that something is happening and moving in the consciences of many Frenchmen.

LIBERATION: What did you expect to find by coming to France? Did you get what you were seeking?<sup>1</sup>

JMT: A movement which supports us in France cannot but favor the undertaking of those who, in New Caledonia, are open to discussion. It is a matter of acting in such a manner that our people will no longer be conditioned by the flag flying over us but rather by their desire to remain in the territory and their possibilities of doing so. For us, to arouse and win support in France permits the shattering of the argument of the RPR [Rally for the Republic] which, in Noumea, claims to alone represent the tricolor flag and is likening the mildest opponent to an enemy of France. The fact that there are Frenchmen supporting us, therefore, is of capital importance: this is the best way to prove that defense of the freedom of the Kanak people does not of necessity mean "betrayal of one's flag"...

LIBERATION: But you have not met with anyone except people who are supportive of your positions, or nearly so. You have given many speeches--and gone to great lengths--for mighty little...

JMT: Those in the opposition have not wished to meet with me. But they have already spoken out categorically against independence. A dialogue with them has little chance of being productive, apart from a few practical matters.

The same is not true of the socialists. Remember that they did not accept the proposals we made last year in the National Assembly. Their official statements in favor of decolonization and the independence of the Kanak people are somewhat gratuitous and have not in any case been firmed up on site.

LIBERATION: You have heard different talk from the PC [Communist Party] side?

JMT: The PC position is quite clear. But it is not in the government. The socialists are. Their position was clearer previously. They had even signed a memorandum with Mitterrand and his friends before the 1981 elections. Now, they have national and international responsibilities which are causing them to pull back from what we did together.

LIBERATION: Is that opportunism, realism or embarrassment?

JMT: No, they simply have responsibilities they did not have when we were activists together. They can no longer support us as before. That is a phenomenon not restricted to them. All those who accede to power can no longer see problems in the same way. I simply hope that political will can bring us close together.

LIBERATION: During your stay in Paris, you have made use of the services of Claude Marti, a communications adviser in the Elysee. His job is to sell an image. Do you then have an image to sell?

JMT: My image is not salable. In any case, not on your market. It is a product that is difficult to sell for lack of polish. I am still an "unfinished product." No, Marti merely opened many doors in a short time. That is all I asked him to do.

LIBERATION: Was not the effect of your visit, your own message, spoiled by Dick Ukeiwe, your direct opponent, who came here at the same time to preach "autonomy"?

JMT: I feel that we are not on the same wavelength...

LIBERATION: But, in the face of French public opinion, he proposed a discussion and you turned down the offer...

JMT: I have already explained that for us the very idea of autonomy has been outmoded since the 18 November elections. The page has definitely been turned. What is more, our fight has already cost us some deaths, for which we are still in mourning. We are not going to profane their memory by ignoring what they were fighting for.

LIBERATION: How does that prevent you from meeting with Dick Ukeiwe?



JMT: In fact that does not keep me from meeting with him. But Ukeiwe has never telephoned to invite me to a discussion. His game is a maneuver vis-a-vis public opinion.

LIBERATION: A maneuver but also a challenge...

JMT: I accepted his challenge. I said, "I agree, no matter where, no matter when, but to talk about independence."

LIBERATION: A few hours ago, you said you would favor a positive outcome for the Pisani plan. Does that now mean your acceptance?

JMT: We are not opposed to the plan. That is still a fine gift, is it not? We feel that this plan is the responsibility of the French Government, and we are not attempting to push its discussion: on Tuesday we placed our own proposals on Pisani's desk.

LIBERATION: What points of the plan would you like to see amended?

JMT: If we were to take it point by point, that would not be difficult because none of them totally satisfies us. We have to look at it as a whole. We are in agreement with the overall timetable...

LIBERATION: And what about the electorate?

JMT: As it is now, it is very negative toward us.

LIBERATION: You are not yielding at all on your initial positions: the right to vote for all those who have at least one parent who was a native of the territory...

JMT: I myself have reiterated that. But I do not know whether my comrades have included it among the proposals they filed with Pisani. They have not telephoned me. All of our phones are tapped and that could be used against us.

LIBERATION: You, the president of the FLNKS, know nothing of these proposals?

JMT: We work by consensus. It is simple and does not pose any problems.

LIBERATION: Consensus...without you?

JMT: I could be dead. And since we are meeting Saturday...?

LIBERATION: Once again on that point, are you prepared to make concessions?

JMT: We have our demands, but the margin is very narrow. The government is pinned against the wall, it is true. But it has prepared a plan that is pinning us against the wall. At present, we cannot move in the territory

to strengthen our positions at the negotiating table and at the same time hope that the balance of electoral forces will improve... Therefore, it would be better to go to bed and sleep. The slightest word threatens to cause alarm...it is difficult.

LIBERATION: Put yourself in the place of the Caldoches. Who, without guarantees, would give up a bird in the hand for two in the bush?

JMT: But what guarantees are we being given? Our people have been awaiting guarantees for 100 years. The code of indigenism was eliminated in 1946, but there has been little progress in that sector since.

LIBERATION: You have said that to help the negotiations your actions in the territory were suspended. The perpetrators of the sabotage of the Kouaoua Mine have been arrested and have confessed. They are all members of the FLNKS. Do you then have a double language?

JMT: Our decision is to maintain direction of the discussions. But all acts of violence are attributed to us. It is true that our people have been waiting in vain for 2 months for things to get moving. They are beginning to get tired.

LIBERATION: But how do you expect to make the people on the other side of the table change if you allow weapons to talk?

JMT: That is something you should also say to Pisani. They confiscate our weapons; however, up to now, we have not seen many forays of gendarmes among the colonists to seize their rifles. A little justice is needed: why are there now only Kanak prisoners? And why should we continue to accept this?

LIBERATION: There are some in New Caledonia itself who are proposing the organization of a "preliminary referendum" restricted to Kanaks only. What do you think of that?

JMT: That is interesting. But it is still without consequence.

LIBERATION: And what if the referendum were extended to metropolitan France?

JMT: I have run into persons who have proposed that to me--a UDF [French Democratic Union] deputy and Mr Gascher, who left the RPR--this is also interesting. That has already happened in Algeria. The Algerians had not voted. We, too, would feel comfortable not voting.

LIBERATION: In New Caledonia, Francois d'Aubert--a close associate of Mr Barre--recently spoke of "Kanak sovereignty." Do you detect in this a change in tone, or even attitude?

JMT: What is sovereignty without independence? Maybe that represents an overture, in spite of everything. We will have to know the context...

LIBERATION: Do you not have the impression that the FLNKS has been somewhat overtaken by the acceleration of events?

JMT: In New Caledonia, the acceleration of history is a page written by the FLNKS, the resurgence of nationalism which has never flagged but which, stronger than ever, will henceforth continue to be mobilized until independence. The fact that there are excesses is not surprising, considering the popular character of the movement. What is essential is that it stick to the limits of its set objectives.

LIBERATION: You talk about nationalism and you call yourself the FLNKS. The "S"--Socialist--seems to be tacked on in deference to the customs of liberation movements in the Third World.. Experience has shown that this "S" is often forgotten as quickly as it was tacked on...

JMT: This "S" means that sovereignty in our country, in the economic organizations sector, will be translated into rejection of the exploitation of the country's national wealth to the exclusive benefit of a few. It is a kind of "safety net." But, for us, this "S" is also intimately linked with "Kanak." It makes reference to no doctrine devised by others. It is we who write our socialism, with account taken of the fact that we are a small country in the Pacific, a country which is not departing from point zero.

LIBERATION: In the days following Edgard Pisani's arrival in Noumea, we got the impression that your relations were particularly good...

JMT: ...up to the death of Eloi (Machoro).

LIBERATION: What has happened to these relations?

JMT: They are functional.

LIBERATION: Do you think that Francois Mitterand discovered anything by going to New Caledonia?

JMT: I think that he came to verify a hypothesis and to teach us something.

LIBERATION: What hypothesis?

JMT: I do not know.

LIBERATION: You had a 10-minute private talk with him...

JMT: It was he who did the talking. I even told him that the others could hear what was being said.

LIBERATION: But the talk was not secret?

JMT: No, it was just condolences.

LIBERATION: He showed himself to be affected by Machoro's death?

JMT: As much as a man of state can be.

LIBERATION: When he got back he said that you were a thinking man but that you did not always have a feeling for the realities of others...

JMT: That is colonial talk par excellence, to justify the status quo. It is our reality which poses the problem. If we were nothing more than birds, the problem would be resolved with a rifle. But we talk and we even make ourselves understood. But you have to realize: we are spoilsports.

LIBERATION: Eloi Cahoro had gone to Libya and had established contacts with the Tripoli authorities. Have these contacts been maintained?

JMT: Mitterrand is the one who severed them. But, you know, that was not very serious. It was mainly poison to precipitate the movement. In fact, the Australians, the New Zealanders, many people in the Pacific, not counting the Americans, and, of course, France, moved quickly in the face of the threat.

LIBERATION: Was that not a dangerous calculation? A mistake?

JMT: One never makes a mistake in politics. One only knows when he has lost.

LIBERATION: Are you optimistic about the near future?

JMT: I try to be optimistic.

LIBERATION: And if the referendum were to be held tomorrow, would you take part in it?

JMT: That makes no sense. Ask me rather if I am for the suicide of my people...

1 Only one newspaper--NOUVELLES CALEDONIENNES--which is an openly activist (and without too many scruples) proponent of "the indestructible attachment" of New Caledonia to France, and one audiovisual monopoly--Radio Overseas France--which is less zealous, tell us one thing: the news media have become a decisive stake in the "game"; however, the separatists for the most part are staying...out of the game. "There is greater need than ever to talk to people and to see to it that people talk," explains Jean-Marie Tjibaou, who took advantage of his trip to Paris to request several benevolent supports. His goal: a newspaper and a radio station for the FLNKS. Doubtless, in the absence of any independent media for the political and economic forces, for the purpose of counterbalancing those in existence which willingly mix news and propaganda. Funds are being collected by Th. Berthoud (CCP 6919 J Paris).

POLITICAL

FRANCE

# PISANI OFFERS AMENDED PLAN FOR NEW CALEDONIA

Paris LIBERATION in French 31 Jan 85 p 7

[Text] The delay in the timetable could postpone the referendum on self-determination until September.

It was learned yesterday that Edgard Pisani has sent an amended version of his plan for New Caledonia to the president of the republic and the prime minister. After the Elysee and Matignon have made their changes, the text will serve as the basis for on-site negotiations with the FLNKS [Kanak Socialist Liberation Front] and the RPCR. This latest revision of the original text was described as "interim," because the government's delegate could not proceed with the scheduled negotiations in January notably by reason of the presence in Paris for the past 8 days of Jean-Marie Tjibaou, head of the FLNKS, and of Dick Ukeiwe, president of the territorial government. These negotiations are to take place "throughout the coming month," it was emphasized at the Matignon.

Edgard Pisani was to make an appearance "at the beginning of the week," probably on television, to discuss the changes made in his "independence association" plan. The timetable presented from Noumea 3 weeks ago provided for the filing of the definitive report--and not the "interim" report--before 1 February. The delay experienced by the government's delegate, therefore, appears to bring into question the following of the timetable which provided for: an extraordinary session of Parliament and a vote authorizing the self-determination referendum in February. In March, the opening for 2 months of the revised voter lists; in June, the campaign properly speaking; and in July, the self-determination referendum. In fact, the self-determination referendum, as had been hinted by Francois Mitterand upon his return from Noumea, could take place around September.

While the president of the republic and the prime minister are "correcting" Edgard Pisani's copy, the latter is the subject of a denigration campaign in metropolitan France on the part of certain members of the opposition. Claude Labbe, president of the RPR group in the National Assembly, said Tuesday "that it was time to repatriate" the government's delegate. As for Dick Ukeiwe, president of the territorial government, he expressed the same wish during a press conference in the Senate because the Edgard Pisani plan, he said, "does not reflect the realities of New Caledonian life."

Dick Ukeiwe still publicly refuses to hold dialogues with the High Commissioner. He will remain in Paris until next Wednesday, and he hopes that his request for a talk with the chief of state will be granted in the next few days.

8143

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POLITICAL

FRANCE

# MINE SABOTAGE THREATENS NEW CALEDONIAN ECONOMIC ACTIVITY

Paris LE FIGARO in French 24 Jan 85 p 10

[Article by Jacques-Maurice Cler: "Nickel: Production Paralyzed; Kouaoua and Thio Sabotage Seriously Curtail Mining Activity, the Island's Principal Business"]

[Text] Wednesday morning's discovery of sabotage of the operating equipment of the nickel mine at Kouaoua, following the sabotage of the mine at Thio, is causing concern in the territory.

The two major nickel ore mining centers of SLN (The Nickel Company) will be paralyzed for an indefinite period. This is a serious blow to the economy of the territory where the mining and metallurgy sector (principally nickel) accounts for about 20 percent of the gross domestic product and 80 percent of exports.

The principal economic resource of New Caledonia, nickel was discovered in 1863, during the early years of French presence in the territory. Thio and Kouaoua are the oldest nickel extraction sites. Nickel ore of the "oxidized deposit" type is mined in open air after removal of the sterile overburden and crushing of the ore beds. The removal of the overburden and the crushing are accomplished by powerful machines which displace several cubic meters of material with each shovel stroke. Enormous hopper trucks transport the crushed ore to the separator area where, separated from the sterile crust, it is lowered to the sea side by aerial carriers and loaded by conveyor belt into the holds of ore ships docked next to the shore.

The destruction of the rolling stock of Thio and Kouaoua and the sorting shed at Thio is a serious handicap for economic recovery on the island--an even more severe handicap in that the nickel market looks good for the early months of 1985. The year 1984 was characterized by a high level of consumption of nickel especially in the rust-resistant steel sector. Production of nickel-steel will probably pass the 8 million ton mark for the first time. Nickel consumption is up in other sectors with the exception of the aeronautic, nuclear and petrochemical industries where competition from substitute materials such as composite materials is being increasingly felt.

## Excellent Quality

Overall, probable consumption of nickel in the West (quantities of nickel purchased by users) ought to reach 570,000 tons, approaching the 1979 historical record (620,000 tons). The rise in consumption could reach 15 percent in Europe, 10 percent in Japan and 5 percent in the USA. The reduction of consumer stockpiles is an additional favorable factor.

New Caledonia ranks in first place for the quality of its deposits, with a higher nickel content than that of Indonesian deposits. This cannot fail to arouse the greed of the USSR and Cuba, who would, by annexing New Caledonia, become the world's principal nickel producers.

The 1985 outlook remains favorable for the first quarter since the second quarter of the civil year corresponds to the first quarter of the Japanese fiscal year, during which the volume of exports to Japan, the principal importer of nickel from the territory, is usually low. It is extremely distressing that New Caledonia should suffer this blow to production at this particular time.

SLN alone averages two-thirds of the nickel ore production of the territory; the rest is produced by various Caledonian firms; Pentecost, Ballande, Lafleur, Montagnat, De Rouvray, Galliot, categorized as "small miners" in comparison with the giant SLN.

SLN had projected a 1985 production plan of 950,000 tons for Thio and 1,150,000 for Kouaoua. Of this total, 225,000 tons were earmarked for export to Japan. The rest, or 1,875,000 tons, plus 300,000 tons from other miners, would have supplied the Donianbo refinery at Noumea to result in a production with a metal content of 45,000 tons, up compared to the 1982 slump (35,000 tons), but still far from the 1979 peak (58,000 tons).

This terrible blow to SLN will primarily affect the activity of its Donianbo refinery with a possible capacity of 75,000 tons of metallic nickel. The brutal drop in Donianbo's production will cause lay-offs.

There is a saying in New Caledonia: "When nickel does well, everything does well; right now nothing is doing well anymore."

12666

CSO: 3519/166

POLITICAL

FRANCE

# TROOPS FAIL TO PREVENT SABOTAGE OF NEW CALEDONIAN MINE

Paris LE FIGARO in French 24 Jan 85 p 10

[Article by Thierry Desjardins: "6,000 Troops Powerless Against Sabotage; Destruction of Kouaoua Mine Equipment, Following Toll Exacted at Thio Mine, Shows Pisani Incapable of Preserving Order"]

[Text] Edgard Pisani lost ground in a single day yesterday. The destruction of the mining equipment at Kouaoua--following that of the Pines camp at Thio--had demonstrated to Caledonian public opinion, all ethnic groups combined, that, in spite of his authority and his promises, the government's delegate was not capable of "assuring the protection of people and property in the territory."

In the opinion of CTFIG [expansion unknown], rather ill-timed and certainly quite inappropriate statements which Pisani felt free to express to the Australian press have provoked a real outcry from all the opponents of independence who have since considered him, more than ever, a "huckster." Last night, war practically broke out between the government's delegate and the territorial government.

Yesterday at dawn, the Kouaoua mine presented a spectacle of desolation. While the view was as grandiose as ever, with the Pacific off in the distance and this verdant mountain scratched at by men in search of nickel, the work site itself resembled a military camp after shelling. All the trucks, all the machinery were broken and mangled. Twenty-one trucks, enormous mastodons, had their windshields broken, their engines ripped to pieces. Three gigantic bulldozers seemed to have bled like pigs and still had red oil trickling from them. Four gigantic shovels were also in their death throes.

In all, 90 percent of the equipment of the Kouaoua mine was destroyed and while a nickel mine is in fact a hill which is dug away meter by meter, it is also, and even more significantly, machines with huge wheels which devour the hill. As in the case of the Pines camp at Thio, billions of CFP francs and many months will be required to restore all this equipment. Given that a single mining shovel is worth Fr 5 million, it is possible to visualize the cost of this damage.

## The Work of Specialists

All the SLN technicians are in agreement: Those who committed these criminal acts had astonishing knowledge of the sites and the equipment. They were, in fact, not satisfied with simply smashing windshields with sledge hammers and crow bars. They knew how to sabotage all the machines "technically." They very skillfully destroyed the hydraulic systems then ran the motors without water until they exploded. They drained the oil from the bulldozers then operated them until they destroyed themselves. They opened the fuel tanks and filled them with dirt.

Of course, such "professionalism" on the part of the saboteurs raises the question: Who could have committed these attacks? Are there many FLNKS militants capable of operating such machinery, of understanding such hydraulic systems? One is therefore forced to wonder whether this group of commandos might not have been accompanied by employees of the mine or even by European technical advisers. And all of these hypotheses are possible. The gendarmerie has in fact stated that this time "the investigation is wide open."

But there is another question which must be answered: How was this attack, catastrophic for New Caledonia, possible? The territory has been under an official state of emergency since 12 January. And more than 6,000 soldiers, gendarmes and police are now on the island. Following the attack on the Thio mine, why did Pisani not give very strict orders to guard the other important mining area, which was obviously the next target?

Last night, according to the government delegate: "Kouaoua was guarded; it was relatively protected and, by mutual agreement among the tribes, SLN and us, we did not cover the entire area, which is immense."

These excuses fail to satisfy anyone. It is impossible to see how Kouaoua was "relatively protected" and, if it is true that it is useless to guard all of a mine which is truly immense since it consists of an actual mountain, then it is impossible to comprehend why the equipment which was, in fact, all together on a small lot was not protected, for it is the equipment, and not the mountain, which is vulnerable and valuable.

12666

CSO: 3519/166

POLITICAL

GREECE

## 1981 CENSUS SHOWS POPULATION SHIFTS

Athens I KATHIMERINI in Greek 2 Feb 85 p 7

/Text/ The National Statistical Service has announced that, as revealed by the population census of 5 April 1981, the results of the census of the legal population of the country (citizens) by nome, province, municipality and community have been ratified by a joint decision of the Ministries of National Economy and Interior and the documents have been forwarded for publication in the GOVERNMENT GAZETTE. According to the census results, the legal population of the country was 9,667,336 in 1981 compared to 8,894,981 in 1971. This shows that there was a 8.7 percent increase in the population during the 1971-1981 decade. There are, nevertheless, differences in accordance with specific regions of the country.

During the 1971-1981 decade, the real population of the country increased by 11.1 percent (from 8,768,641 persons in 1971 to 9,740,417 in 1981).

It should be pointed out that the real population includes the overall number of persons registered, every age, sex and nationality, while the legal population comprises only Greeks of every age and sex who are registered in the municipal files of municipalities and communities and who were in the country on the day the census was taken or who were accounted for by their relatives as being temporarily abroad.

Detailed statistics on the legal population are provided for 1971 and 1981 in the table below, according to geographic division and nome. It should be noted that the 1971 statistics have been adjusted to provide for administrative changes that were brought about during the intervening decade.

From the statistics appearing in the table it is shown that on a geographic division level the Ionian and Aegean Islands had a population decrease of 0.7 percent and 1.4 percent respectively. In all other geographic divisions of the country there was an increase ranging from 3 percent (Thraki) to 14.7 percent (Athens area).

Moreover, on the nome level, there was a decrease in population in nine nomes ranging from 0.2 percent (Messinia Nome) to 9.2 percent (Khios Nome).

Finally, the increase in the legal population that was noted in the remaining nomes ranged from 0.3 percent (Lakonia Nome) to 23.2 percent in the remaining parts of Attiki Nome.

Geographic Division and Nome	Legal Population		Difference (+ or -) %
	1971	1981	
Total for Greece	8,894,981	9,667,336	+ 8.7
Athens region	1,985,221	2,276,750	+14.7
Part of Attiki Province	1,554,809	1,805,563	+16.1
Part of Piraeus Province	430,412	471,187	+ 9.5
Remainder of Mainland Greece and Evvoia	1,084,384	1,192,673	+10.0
Aitolia and Akarnania Nome	266,372	284,954	+ 7.0
Attiki Nome (remainder)	227,915	280,757	+23.2
Voiotia Nome	114,925	127,783	+11.2
Evvoia Nome	197,146	211,440	+ 7.3
Evrytania Nome	44,320	42,258	- 4.7
Fthiotis Nome	178,307	188,808	+ 5.9
Fokis Nome	55,399	56,674	+ 2.3
Peloponisos	1,158,895	1,211,793	+ 4.6
Argolis Nome	95,049	98,584	+ 3.7
Arkadia Nome	145,217	143,782	- 1.0
Akhaia Nome	259,499	285,069	+ 9.6
Ileia Nome	206,586	217,371	+ 5.2
Korinthia Nome	120,729	135,199	+12.0
Lakonia Nome	112,696	113,042	+ 0.3
Messinia Nome	219,119	218,747	- 0.2
Ionian Islands	227,538	225,838	- 0.7
Zakynthos Nome	37,804	37,979	+ 0.5
Kerkyra Nome	108,427	110,606	+ 2.0
Kefallinia Nome	49,332	46,165	- 6.4
Levkas Nome	31,975	31,088	- 2.8
Epirus	382,785	419,635	+ 9.6
Arta Nome	97,728	106,492	+ 9.0
Thesprotia Nome	50,515	54,364	+ 7.6
Ioannina Nome	170,254	187,460	+10.1
Preveza Nome	64,288	71,319	+10.9
Thessalia	750,225	800,814	+ 6.7
Karditsa Nome	174,714	179,148	+ 2.5
Larisa Nome	242,400	263,134	+ 8.6
Magnisia Nome	173,938	186,771	+ 7.4
Trikala Nome	159,173	171,761	+ 7.9



Geographic Division and Nome	Legal Population		Difference (+ or -) %
	1971	1981	
Macedonia	1,931,179	2,127,729	+10.2
Grevena Nome	47,045	52,658	+11.9
Drama Nome	107,487	119,115	+10.8
Imathia Nome	119,723	139,209	+16.3
Salonica Nome	579,862	638,989	+10.2
Kavala Nome	137,121	150,389	+ 9.7
Kastoria Nome	46,813	50,076	+11.2
Kilkis Nome	101,744	107,786	+ 5.9
Kozani Nome	152,250	167,382	+ 9.9
Pella Nome	140,438	154,990	+10.4
Pieria Nome	103,667	118,354	+14.2
Serrai Nome	244,305	264,777	+ 8.4
Florina Nome	60,916	63,029	+ 3.5
Khalkidiki Nome	88,662	97,777	+10.3
Agion Oros	1,146	1,198	+ 4.5
Thraci	362,857	373,835	+ 3.0
Evros Nome	156,358	161,300	+ 3.2
Xanthi Nome	93,022	97,990	+ 5.3
Rodopi Nome	113,477	114,545	+ 0.9
Aegean Islands	495,165	488,190	- 1.4
Dodekanisos Nome	119,541	134,654	+12.6
Kyklades Nome	120,324	115,369	- 4.1
Lesvos Nome	135,588	128,472	- 5.3
Samos Nome	53,288	49,380	- 7.3
Khios Nome	66,424	60,315	- 9.2
Crete	516,732	550,079	+ 6.5
Irakleion Nome	226,021	249,302	+10.3
Lasithion Nome	80,412	82,222	+ 2.3
Rethymni Nome	78,031	81,051	+ 3.9
Khania Nome	132,263	137,504	+ 4.0

5671

CSO: 3521/158

POLITICAL

NORWAY

LABOR PARTY PAPER: COALITION OUT OF TUNE WITH VOTERS

Oslo ARBEIDERBLADET in Norwegian 15 Jan 85 p 4

[Editorial: "The Judgment of the Voters"]

[Text] An opinion poll taken by Gallup/Norwegian Institute of Public Opinion for AFTENPOSTEN shows which political issues the voters regard as the most important at the beginning of the 1985 election year. The poll is interesting--and revealing.

While the Willoch government gives the highest priority to these three main areas: cutting public spending, lower price increases and lower taxes, it turns out that the voters have an entirely different assessment of what is important. As far as the voters are concerned steps to guarantee employment are the most important political task in Norway today. The voters also think it is becoming increasingly important to do something in the sectors of health care and care for the elderly. Just since the fall of 1983 the number of those who list solving problems in the health service as the most important task rose from 12 to 24 percent, in other words the number doubled. About the same thing is true of care for the elderly. Here 9 percent said this was the most important issue in 1983. Now that number has risen to 16 percent.

If one looks at this in relation to the priorities the government follows it is undoubtedly interesting that only 3 percent of the voters mentioned limiting public spending as an important political issue. Most thought-provoking--at least for the Conservatives--is the fact that fewer and fewer people are interested in tax relief. After the municipal election 11 percent of the voters said taxes were the most important political issue. Now only 4 percent give that priority.

The Conservative Party's major organ, AFTENPOSTEN, has its own explanation of why most people now are apparently less interested in the tax issue in isolation. In AFTENPOSTEN's opinion this is due to the tax policy that has been pursued in recent years. It must be AFTENPOSTEN's opinion that the voters have had so much tax relief that they are beginning to feel satisfied.

Of course it will not do to be that naive--or so outrageous--even in AFTENPOSTEN and even in an election year. There can hardly be any doubt that this

poll from Gallup/NOI [Norwegian Institute of Public Opinion] shows that the voters are becoming aware of the interconnections in economic policy.

In reality this is a gigantic and crushing judgment on the Conservatives' 1981 election campaign. It was claimed then that the tax question could be assessed in isolation and that there was no connection between taxes and public efforts. Now the voters have discovered that even modest tax relief has its price. Among other things it results in poorer health service and less care for the elderly. The voters have also noted that the Willoch government's economic policies have led to the kind of unemployment that all of us thought belonged to the period between the wars.

This particular opinion poll is not just a judgment on nonsocialist policy and nonsocialist politicians. It is our greatest wish that it will be a lesson to the government parties and their supporters. The voters cannot be deceived, at least not more than once. They know what it is necessary and sensible to put in to create a society that is the best possible environment for the greatest number of people.

6578

CSO: 3639/68

POLITICAL

NORWAY

WILLOCH COMMENTS ON ROLE OF SECURITY POLICY DURING CAMPAIGN

Oslo ARBEIDERBLADET in Norwegian 12 Jan 85 p 6

[Interview with Prime Minister Kare Willoch by Gunnar A. Johansen, Alf Ole Ask and Tone B. Jamholt: "Unrealistic to Cut Unemployment to 1970's Level"; date and place not given]

[Text] It is unrealistic to return to the official unemployment figures from the 1970's.

It is still a major problem in the Norwegian economy that wage costs rise too rapidly.

The Labor Party has not succeeded in creating lack of clarity about the government's foreign policy.

Those were some of the main points in an interview ARBEIDERBLADET conducted with Prime Minister Kare Willoch.

[Question] Which government did you prefer heading--the pure Conservative government or the three-party coalition?

[Answer] Both worked very well. I think it is impossible to compare them. Both governments had their special positive characteristics.

Family Report

[Question] Harald Synnes, parliamentary leader of KRF [Christian People's Party], has said that the report on the family will be a touchstone of how the government coalition is functioning. Is that also your evaluation?

[Answer] I agree that it is a very important matter and some aspects are extremely difficult, such as the status of married people and those who are living together. But I see no reason why this should cause any special problems for us. We have come a long way in our work on the report and will once more demonstrate our ability to find unifying solutions.

[Question] KRF wants to offer more to homemakers. Does this fall within the economic framework the government can accept?

[Answer] It is easy to agree on the underlying concept. In the economic deliberations there is a conflict, as there almost always is, between the desirable and the possible.

[Question] There were 18 dissenting votes in the last year of the Borten government. You were responsible for some of them yourself. How far would you go in tolerating dissension in the present government? In the past there has not been any.

[Answer] That depends on what is involved. There are issues where this would be quite natural. But it is always good if the government can work out unifying solutions, as we have done.

#### Intervention

[Question] You have been criticized by several of the big labor organizations for premature intervention in the right of free negotiations in connection with wage settlements. Do the organizations have too much power?

[Answer] There is nothing on this precise point in the government's position. What we have stressed on several occasions is how big a wage increase could be and still lie within the competitive limit. Presenting this kind of figure is more calculation than policy and it would be remiss of us not to do so.

[Question] But this has been interpreted as if you were putting a ceiling on wage contracts, at least as far as state employees are concerned, thus excluding free negotiations.

[Answer] No, it is not customary to regard one side's viewpoint as a dictatorial pronouncement. It would also be very strange if the government had an opinion as to how much of a wage increase society in general could afford, but there is nothing strange about announcing what the government itself is willing to go along with in terms of wage increases for public employees.

#### Main Problem

[Question] It now appears that wages in industry rose much more last year than you predicted. Does this mean that there is something wrong with income policy?

[Answer] It means there is something that is not working very well when it comes to wage formation in Norway. It is a major problem in the Norwegian economy that wage costs still rise too sharply in relation to competitiveness. There are several countries competing with us where firms have substantially higher profits than they do in Norway but where workers feel it is in their interest to accept lower wage increases in order to guarantee growth and

employment. This may have something to do with the agitation mounted in several quarters in Norway to the effect that we can afford a lot despite the fact that a number of jobs are very shaky.

[Question] Is it desirable to limit the right to negotiate freely in any way?

[Answer] I would say that the system has not worked well enough when it comes to maintaining competitiveness and jobs. But that is not the same as saying that other systems work better. LO [Norwegian Federation of Trade Unions] itself has said that it is a problem that a growing number of wage increases have occurred outside the central wage contracts.

#### Loan Restrictions

[Question] What about the banks and their enormous overstepping of the credit limits last year? Isn't that a big problem for the Norwegian economy too, an inflationary policy that the government is concerned about?

[Answer] I agree that the big loan increase is a matter of concern. This will be assessed in connection with planning credit policy.

[Question] Will any steps be taken in the near future?

[Answer] The only thing I will say about that is that as usual we must evaluate credit policy plans at this time of year.

[Question] Does this mean that the guidance of credit policy has not been good enough?

[Answer] Credit policy will be supervised on a continuous basis.

[Question] What went wrong?

[Answer] Lending rose more than it should have. The reasons for that will be analyzed.

#### Election Campaign

[Question] Is it a correct observation that the Conservatives are trying to make security policy the main theme in the campaign?

[Answer] That is a distortion of what is happening. After the Labor Party made a new and from an objective point of view quite superfluous attack on the government's security policy in the fall we found it necessary to issue a warning. The Labor Party cannot attack the government's security policy and demand showdown votes in Storting and at the same time accuse us of being combative. The Labor Party's demand that the nation's government change a stand on a security policy issue that was already announced in the United Nations is the exact opposite of a cooperative attitude. How would it affect Norway's



foreign policy impact in the United Nations, NATO and elsewhere if we took one stand one day and another the next after being contradicted by Storting on a matter that would normally be decided by the government?

Misused

[Question] An opinion poll recently showed that a clear majority of the Norwegian people favor the idea of a freeze. When will the government fall in line with the popular majority?

[Answer] The interpretation of the poll you refer to shows first and foremost that opinion polls can be misused as part of the political agitation. No one asked the Norwegian people if the government with its vote in the United Nations should sharply criticize NATO's defense strategy. But that is what part of the Labor Party wanted the government to do.

[Question] Can the activity of the peace movement threaten Norway's security?

[Answer] I think using the term peace movement to describe part of the population is apt to sidetrack the debate. I have no faith in the idea that the West can achieve arms reduction by moving ahead on its own. In other words influence the Soviet Union by its good example. That would give the Soviet Union a superiority that could lead to war. Everyone in Norway agrees on the goal. The disagreements concern the methods that should be used.

Gro and Kare

[Question] Gro Harlem Brundtland has said that two or three Gro-Kare duels in the campaign would be enough. How many would you like?

[Answer] I really haven't thought much about it. I will show up when I am asked as long as it fits into my schedule. But it is not my job to evaluate how interested people are in these duels.

[Question] The 1981 campaign was quite concentrated on the personalities of yourself and Gro Harlem Brundtland. What did you think of that?

[Answer] I do not like focusing on a small number of people, but I do not have much control over that.

[Question] Do you think policy tended to disappear in these confrontations?

[Answer] No. It is probably natural that I as a participant should think these debates were quite informative. But I would not dare consider myself an objective observer on this particular point.

6578

CSO: 3639/68

POLITICAL

NORWAY

#### ANTINUCLEAR GROUP TO STEP UP ACTIVITIES DURING ELECTION CAMPAIGN

Oslo AFTENPOSTEN in Norwegian 24 Jan 85 p 4

[Article by Bjorn Talen]

[Text] In connection with the fall election campaign the No to Nuclear Arms movement plans to outline the views of all the representatives in Storting on nuclear issues. The goal is to translate what the movement claims is a majority among the people into a majority in Storting as well. Ole Kopreitan, the informal leader of NTA [No to Nuclear Arms], said at a press conference yesterday that it is only a question of time before the freeze standpoint wins a majority in Storting.

"Next fall the Norwegian government will vote the 'right way' in the United Nations," he said.

The movement's information secretary, Magne Barth, said that a popular majority supports the standpoints No to Nuclear Arms represents. To back this up he pointed to the collection of signatures for nuclear-free zones which has gathered 540,000 signatures as well as a series of opinion polls.

When asked if one could rely on these polls, which people in the field have criticized strongly, he said that by and large they showed what the people believe.

Among other things he referred to ARBEIDERBLADET's freeze poll that showed four out of five people favoring a freeze on the number of nuclear weapons at the present level. This poll was taken by the Norwegian Institute of Public Opinion which was very skeptical about the way the question was worded.

The disclosure of the views of Storting candidates on such matters will not be done centrally but on the county and local level. Neighborhood groups will be formed and an effort will be made to arrange meetings with the candidates in an action week in connection with the campaign. The goal is to make sure there is a majority in Storting in favor of the movement's standpoints.

An especially important argument for the freeze proposal, according to Magne Barth, is what he called an enormous race to deploy cruise missiles at sea. Norwegian ocean territory would be especially affected by U. S. nuclear

weapons. That will have a destabilizing effect on the Nordic balance and involve a deliberate violation of Norwegian territory, he charged.

"In addition, ships with nuclear weapons on board will visit Norwegian ports more often," Magne Barth maintained. Therefore the movement says that all foreign military vessels should be required to state that they do not have nuclear weapons on board before they are allowed to visit Norwegian ports.

Barth also said that an absolute rejection of nuclear weapons on Norwegian soil even in times of war or crisis is not in conflict with our NATO membership. "We are beginning to be very tired of this NATO argument. People are against nuclear arms and for NATO. They do not link the two things the way Erling Norvik does," he said.

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CSO: 3639/68

POLITICAL

NORWAY

# POLLS GIVE MIXED PICTURE OF PARTIES' ELECTION PROSPECTS

## Economic Confidence Helps Nonsocialists

Oslo AFTENPOSTEN in Norwegian 22 Jan 85 p X 5

[Article by Ted Hanisch: "Increased Optimism Among Voters"]

[Text] One of the best cards which the three-party government will have to play in the election campaign is the good business conditions in the country and the optimism created thereby. The economic rise in the United States has begun to have noticeable results in Europe and now also here in this country. These tendencies will benefit the sitting government, even if they perhaps do not succeed in bringing unemployment down to under 50,000 as Minister of Labor and Municipal Affairs Arne Rettedal has said.

During the current Storting session the economic outlook for Norway has fluctuated rather widely. The danger signals for the first real setback were of course present before the election in 1981, but they had not been fully appreciated by public opinion. Most people did not really believe that the problems that other European countries had long been struggling with would also hit us.

Until the municipal election of 1983, when that picture changed. Both 1982 and 1983 were years with weak economic growth and the winter of 1982/83 capped the problems with a doubling of unemployment. This development led to a sharp downward adjustment of people's expectations about their own economic progress.

Material from a preelection poll by Gallup/NOI [Norwegian Opinion Institute]/AFTENPOSTEN indicates clearly that the voters are more optimistic about how their own economies will develop now compared with 1983. This past year was, as is known, a bottom year. In the table below we see how people answered the question about their own economy in 1981, 1983 and 1984.

"Do you expect that your economic situation in the coming years will be better than now, about the same as now, or worse than now?"

Answers	1981	1983	1984
Better than now	22.0	18.0	24.0
About the same as now	52.4	59.0	24.0
Worse than now	21.0	13.0	14.0
Don't know	4.6	10.0	8.0
Total percent	101.0	100.0	100.0
N	1599	953	974

As we can see, it is a clear advance, even if not especially strong. Increased optimism can be detected in all age groups, but is strongest among the middle-aged. Other observations indicate that Conservative sympathizers, and perhaps to an even greater extent Progressive Party sympathizers, are more optimistic about their own economic future than others. In the same way optimism has grown stronger in the Oslo/Akershus region than in the rest of the country. This is an area of the country where the two parties are strongest. The economic problems which the city of Oslo is struggling with did not influence this question.

#### The Middle Parties

What is perhaps most remarkable is that middle party sympathizers are not more optimistic about their own economic prospects in November 1984 than in November 1983. They have almost as little optimism about the future as the supporters of the Socialist-Left Party. Here the figures are too small to say anything positive. The Labor Party sympathizers are somewhat more optimistic about the future. The weak optimism among the voters of the middle may be connected to the fact that they are concentrated on the fringes, and in businesses in decline. Voters of the Conservative and Progressive Parties are more concentrated in expanding businesses and are generally somewhat younger. These are groups which clearly feel that social developments are going in their favor. On the other hand the voters of the middle parties can be somewhat concerned.

As would be expected, people with higher incomes have more confidence in their own economic success than people with low incomes. A certain difference has been present the entire time, but as late as 1981 it was relatively little. This time there were only 4 percent more in the group with higher incomes who expected improvement than in the groups with middle or low incomes.

#### Large Change

When we compare the polls of November 1983 and 1984 it is interesting to see whether the changes are equally distributed or not. During this year, November 1983 to November 1984, voters with low income were somewhat more optimistic, while there was no change among voters with middle income. It is really striking, however, that the group which expects improvement has risen from 21 to 31 percent among people with high family income. That is a very large change. When we carefully compare with 1981 figures, it is clear that the difference in economic expectations between low, middle and high income people has grown over time.

Over the short term such a change will hardly have any large political significance. A feeling of improvement is also present in people with lower incomes. All in all good business conditions therefore give a political advantage to the government.

#### Seen Undermining Labor Themes

Oslo AFTENPOSTEN in Norwegian 22 Jan 85 p 5

[Article: "AP Slogan Describes What Is Actually Happening"]

[Text] "AP [Labor Party] proclaims that we must have 'new growth in Norway.' More than a slogan of what the Labor Party will do, it sounds like a description of what is actually happening in Norway, or what the Willoch Government really has accomplished already," said Conservative Party chairman Erling Norvik at the opening of the Conservative Party election campaign at Asker yesterday evening.

The Conservative Party chairman is in no doubt that the AP slogan is already reality. "Today we have new growth in Norway. Value creation is increasing, investments are increasing, production is increasing and employment is increasing. At the same time inflation and unemployment are going down."

The "misery index" in Norway--inflation and unemployment together--is probably the least "miserable" in the entire world. The impression which Norvik conveyed to Asker voters was that all areas of the economy are now moving in the right direction.

What kind of growth is the Labor Party thinking about?

Norvik said that with its slogan the Labor Party did not intend to express pleasure at what the nonsocialist government has accomplished. "It must be another kind of 'growth' that the Labor Party is thinking of, the kind of growth that the party has proved that it is the expert on: new growth of taxes, new growth of prices, new growth of public expenditures, in production costs and also in unemployment.

"Norway does not need that kind of growth. It is the problem-filled results of that kind of growth that we are now curing."

#### Unemployment Anxiety Favors Labor

Oslo AFTENPOSTEN in Norwegian 29 Jan 85 p 5

[Article by Ted Hanisch: "Employment a Main Issue"]

[Text] Which government would manage employment best? That is one of the most important questions that the voters will decide before the fall election. The out-



come will clearly be influenced not only by developments in unemployment, but largely also by fear of unemployment. The three-party government continues to be strongly pressed politically by the unemployment figures, which most believe are too high, even though conditions have stabilized. The question is not whether the government can win anything on that issue, but how little it can lose.

The voters continue to believe that the challenges in employment are the most important issue in the political debate. The younger voters call attention to this issue just as much as one year ago, while the middle-aged and older voters are now more concerned with the health system and care for the elderly than before. Also there are more with high income and education than with low who emphasize employment as the most important issue, although these are naturally less vulnerable to unemployment.

#### Decline

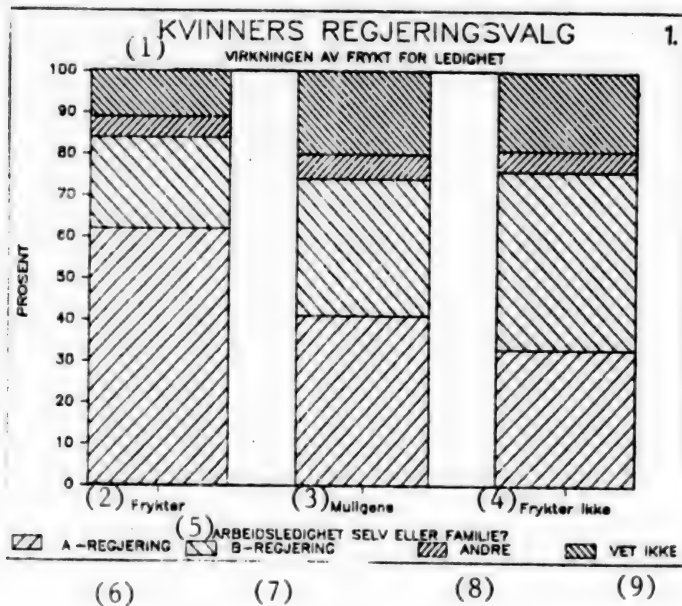
In November 1984 just as many responded as one year before that they were afraid of unemployment for themselves or their families. This applies when the pensioners are excluded from the group. As indicated in the table below there is, however, a certain decline in the group who believe there is a certain possibility of unemployment. It seems that groups which really are less vulnerable to unemployment have had the experience of others who are hit by it. This is especially clear for the middle-aged, while fear and concern are just as extensive among voters under 30 years. Among voters in this age group 22 percent fear unemployment and another 29 percent believe that there is a certain danger, so altogether that includes half of those under 30.

Fear of Unemployment: "Are you afraid that you or someone in your family will be unemployed in coming years?"

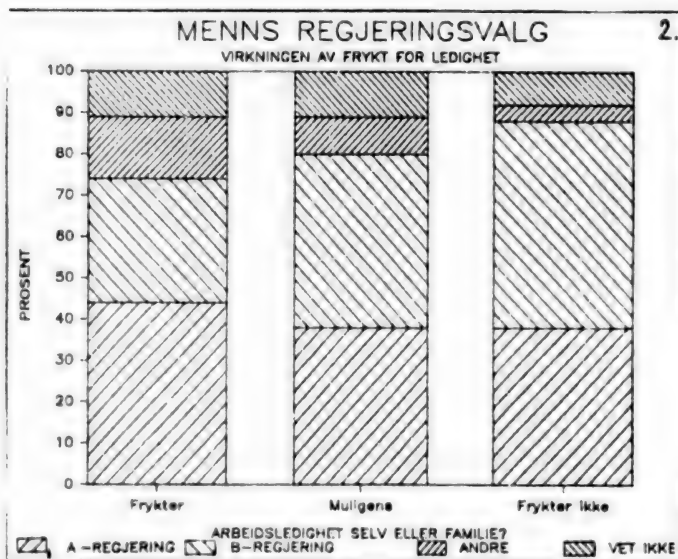
Answers	1981		1983		1984	
	All	Under 30	All	Under 30	All	Under 30
Fear unemployment	14	15	19	21	21	22
A certain possibility	16	19	32	32	24	29
Don't fear	68	65	40	38	45	39
Don't know	2	1	10	9	10	10
Number	1496	418	912	310	756	253

In November 1984 NOI also asked the following question: "Looking forward to the 1985 election, it appears that two government alternatives are most likely, a government of the Labor Party, and a three-party government of Conservatives, Christian People's Party and Center Party. Which government do you prefer?" By looking at answers to this question in connection with fear and concern for unemployment we can get an impression of the political importance of the situation on the labor market. From Figures 1 and 2 it appears that fear and concern for unemployment is significant for what kind of government the voters prefer. The significance is not unambiguous for men, while it is

strong and unambiguous for women. Over 60 percent of the women who fear unemployment prefer a Labor government, but it is preferred by only 33 percent of the women who do not fear unemployment. For men the connection is not much stronger than expected because of the occupational divisions between the groups which traditionally support the two government alternatives. The figures indicate that women react to the fear of unemployment by orienting themselves toward the Left, while men react with political uncertainty. (By naming other government alternatives or answering don't know). For both men and women the support for the three-party government increases the less they fear unemployment



Key: (1) Women Voters - effect of fear of unemployment  
 (2) Fear  
 (3) Possible  
 (4) Don't fear  
 (5) Unemployment - self or family  
 (6) A-Government  
 (7) B-Government  
 (8) Other  
 (9) Don't know



Key: Same key as above except applies to men.

## Difference

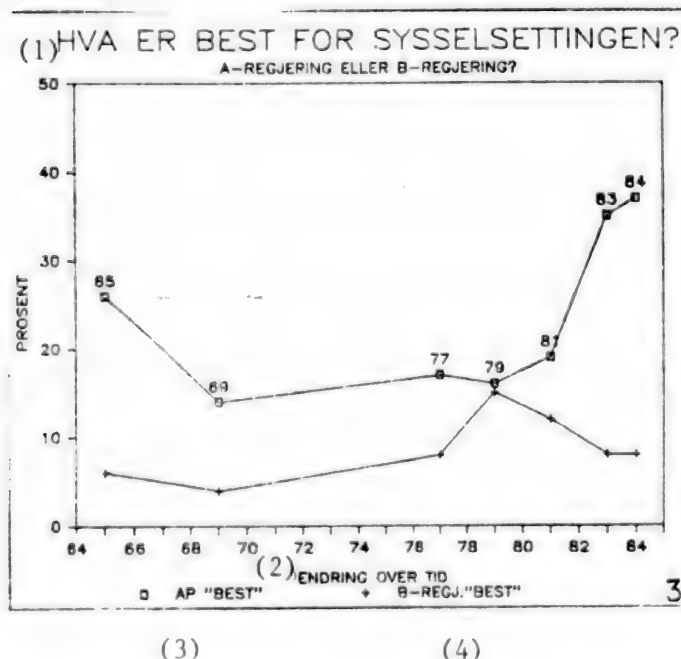
The clear difference between men's and women's political orientation resulting from fear and concern for unemployment can be considered to come from the advance in women's employment possibilities in the last 10-15 years, which are largely the result of growth in public employment. The ideological differences between the three-party government and the Labor Party show up in the attitudes toward further growth.

## Two Alternatives

As we have already seen, most people are expecting two government alternatives, namely a nonsocialist government and a Labor Party Government. It has been thus since 1963. Election analyses have over a long period indicated which government alternative will handle the unemployment problem best. The question was asked about unemployment, and queried whether unemployment would be higher, lower, or the same under the government which sat at the time that the analysis took place.

## Labor Party--Nonsocialist

In figure 3 the tendencies on that issue are showed. We see here that the nonsocialist alternative moved in strongly on the Labor Party until a high point in 1979-80. Since the Storting election in 1981 developments have been negative for the nonsocialist alternative, but still clearer is the strong advance for the Labor Party. As we see, the Labor Party from 1981 to 1983--the period during which unemployment about doubled--more than regained its traditional hegemony in employment policy from the 60's. The most important change which has happened since 1983 is that more people answered "don't know" and fewer answered "no difference."



- Key: (1) Which is best for employment, A-government or B-government  
(2) Changes over time  
(3) Labor Party best  
(4) B-Government best

## In Doubt

It can be a help to the government in the coming campaign that despite everything half of the voters are in doubt about the importance of a shift in the government. On the other hand the three-party government can hardly hope to win from the Labor Party its hegemony over employment policy. The question therefore is how much the government will lose. One should note that only 28 percent of those asked believe that the increase in unemployment since 1981 is due mostly to the government's policy. Not unexpectedly, half of the Labor Party sympathizers place responsibility on the government, and only seven percent of Conservative Party sympathizers do. When it comes to the other two coalition parties the numbers are small, but they point in the direction of 15-20 percent placing the responsibility on the government. The answers to this question therefore reflect to a large extent loyalty to one's own party and its government. As we look at the changes between November 1983 and 1984 there is a weak tendency for more to blame the government and fewer to blame "other reasons."

## Growth

One of the central questions in dispute between the government alternatives is about the rate of growth in the public sector. Here the three-party government has, more than the Labor Party, pointed out the limitations, and at the same time called for tax reductions. In the analysis people were asked whether they agreed or disagreed with the proposal to set up more positions in public activity to improve employment. It turned out that this proposal stands very high in public opinion. As many as 44 percent are in agreement, while 30 percent think it is a bad idea. Attitudes follow party lines such that opponents are in the majority only in the Conservative and Progressive Parties. Supporters are close to 60 percent in the Labor Party, Socialist-Left and Liberal Parties. Every other one of the Center Party supporters believe that it is a good proposal, while only one in three of the Christian People's Party supporters think so, and the Christian People's Party more closely resembles the Conservatives than the Center Party in this respect.

## Measures

Answers to this question indicate the strong development favoring employment measures as a remedy against unemployment since 1982--according to good Swedish social democratic model--has broad support in public opinion. Voters in the middle believe that it is sensible policy, while voters on the Right are opposed. Opposition is perhaps not so rigid as long as many temporary jobs are mentioned.

The picture that we have drawn here shows also that in such a pressing and vital political area as employment, every government must fully conduct middle policies. The more ideological sides of economic policy must then be taken up by party spokesmen rather than government representatives.

## Polls Suggest Progressives Key

Oslo AFTENPOSTEN in Norwegian 30 Jan 85 p 2

[Editorial: "Progressive Party In the Balance"]

[Text] The Progressive Party can hold the balance position in the Storting after the election this fall. We see no reason to deny that this is a realistic possibility. A number of polls and analyses point just in that direction. Of course it is possible that the three cooperating parties, Conservative, Christian People's and Center, can again bring in a majority alone, provided that access to electoral pacts is used skillfully and produces the desired result. But seriously it is more probable that Progressive Party votes must be included in order to assemble a nonsocialist Storting majority.

The question is, what then? The leader of the Progressive Party, Carl I. Hagen, who has a burning desire to come into a parliamentary balance position, states on the one side that his party will never contribute to forming a socialist government in Norway, but at the same time threatens to torpedo the Willoch three-party government. Obviously they have prospects for more power and influence if we get a purely Conservative government again.

Now we are fairly certain that Hagen is making a mistake in this. And above all we believe neither he nor others in the party have thought well enough through what burden the Progressive Party will incur if it manages to eject Kare Willoch's coalition government. It would of course require that they be in league with the main enemy the Labor Party and the Left for that matter, wholly or partly. But the most serious aspect in such a situation is without doubt the negative consequences for nonsocialist cooperation over the longer term.

If Hagen's party is investing in a future after 1989, it should naturally use the balance position for something more confidence inspiring than to vacillate. Nobody we know expects any formalized cooperation between this party and the three nonsocialist coalition parties, even if the Progressive Party becomes the government's pillar of support in the Storting. But if we are to continue to have a stable, nonsocialist government, it will require ability and willingness for a certain harmony among all majority parties. And that means something other than a striving for political extortion.

Having said that, we would like to state that nothing, absolutely nothing, is decided until the voters have spoken. We are approaching a government election, with a highly uncertain outcome. But the electorate will be confronted with two clear alternatives: continued nonsocialist coalition government under the leadership of Willoch, or a Labor Party government headed by Gro Harlem Brundtland and supported by the Socialist-Left and the Liberals.

Those who can imagine voting with the Progressive Party must obviously also take a position on this main choice and ask themselves how they can best contribute to an energetic nonsocialist government. We do not exclude some of them--under this point of view--finding it safest and most appropriate to cast their vote for the Conservative Party instead.

#### Half Voters Dissatisfied With Government

Oslo AFTENPOSTEN in Norwegian 30 Jan 85 p 3

[Article by Gallup: "Voters Opinion of Government Stable"]

[Text] The voters' opinion of the government's work is stable. The November Gallup/NOI poll shows that 37 percent are satisfied with the work of the government, 50 percent are dissatisfied and 13 percent did not respond.

In comparison to the previous poll the changes are very small. The table below shows the opinions of the Willoch Government's work since April 1983:

	1983				1984				
	Apr.	Jun.	Aug.	Okt.	Feb.	Jun.	Aug.	Okt.	Nov.
	%	%	%	%	%	%	%	%	%
Satisfied	49	52	46	36	44	42	40	39	37
Dissatisfied	43	37	45	56	47	45	49	52	50
Don't know	9	11	8	8	9	13	11	9	13

Naturally it is the socialist parties' voters who give the greatest number of negative votes against the government. Among AP voters 16 percent are satisfied, 71 percent dissatisfied; in the Left-Socialist Party the figures are 3 and 92 respectively; in the Liberal Party 20 and 72.

Satisfaction with the government is greatest among Conservative Party voters: 81 percent. In the Christian People's Party 62 percent are satisfied, in the Center Party 63 percent. The share of dissatisfied in the three government parties is 9, 17 and 27 respectively. Among Progressive Party voters 49 percent are satisfied, 33 percent dissatisfied.

Those interviewed were also asked about their membership in labor organizations, and their attitudes toward the government were as follows:

Answer	Member of LO	Member of Other Org.	Non- member
Satisfied	24	44	39
Dissatisfied	66	44	10
Don't know	10	11	13



## Poll Reveals Voter Gender Gap

Oslo AFTENPOSTEN in Norwegian 31 Jan 85 p 5

[Article by Ted Hanisch: "Conflict Woman-Mar"]

[Text] Differences and conflicts between women and men are more and more prominent in the political picture. Even though active women believe it is going too slowly, there is no doubt that equality has moved from private life and family policy to become one of the really big issues in politics. It is a development which moves slowly, but it has weight. A strong elevation of the educational level and occupational activity among women during the past 10-15 years is the basis for this gradual shift in the political picture.

It is obvious that the parties are paying attention to women and women's demands, not just to "the family." The latest conflict about nomination and quotas in the Labor Party, and emphasis by the party leadership shows also what weight is placed on getting more women in prominent positions. This is partly an expression of the strength of women within the individual party organizations, but also that the parties realize that they must catch up with women's special demands. The ability of the large parties to do that can be decisive for what kind of government the country gets in 1985.

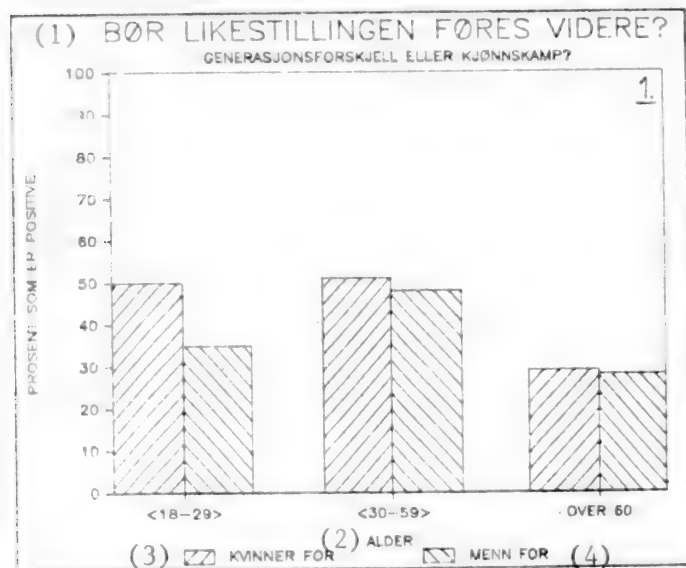
We can illustrate that with the little table below, which shows the distribution of answers to the question of which government is preferred:

Answers	Men	Women
Labor government	41	42
Three-party government	43	37
Other	7	3
Don't know	8	18
Total	99	100
Number	470	476

The most important fact that can be determined from this table is that women much more than men are in doubt about what kind of government they want. Besides the number of "don't knows" is often higher for women than for men. But the interesting thing is that the outcome is against the three-party government. Men and women have the same support for an AP government, but more men than women want a nonsocialist government to continue. The outcome could be that doubt works to the advantage of the government this time also, but that is not certain.

## Men's Phenomenon

Material from the postelection poll in 1983 and the preelection poll in 1984 reinforces that which was implied in the analysis of the last Storting election, namely that the rightwing surge among the younger voters, which reached its top in 1981, was largely a men's phenomenon. Both in November 1983 and 1984 the question was, "In recent years there has been heavy emphasis on equality between women and men. Do you believe that equality should be taken farther, has it gone far enough, or has it gone too far?"

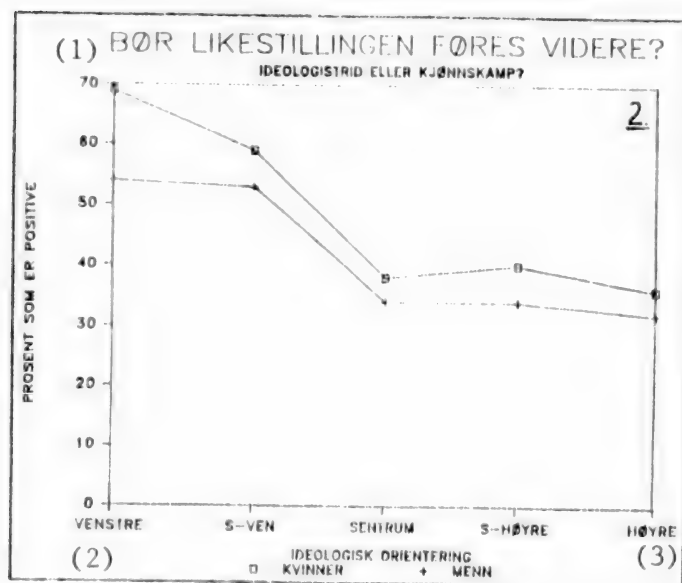


Key: (1) Should equality be taken farther? Generation gap or battle of the sexes?  
(2) Age  
(3) Women in favor  
(4) Men in favor

One thing we should notice first is that only 5 percent of those asked have no opinion on this question. That is not a clear development over time, perhaps the number who believe that equality has been taken too far has declined somewhat. Of all those queried, 42 percent believe that equality should be taken farther, while 36 percent believe that it has gone far enough (thus a negative tendency) and 16 percent believe it has gone too far.

When one goes deeper into the connections in the material, the tendencies are interesting. Attitudes toward equality, in principle and concrete, vary rather widely with sex, age and ideological orientation. As to the principle, Figure 1 shows that women over 60 are considerably less positive toward equality than younger women. The psychological and cultural explanations for that should be rather obvious. The differences between men and women on this question apply mostly only to people under 30. Here we clearly detect the conservative trend among young men. They are just as conservative on this question as men over 60. About 20 percent of men in these groups believe that equality has been taken too far.

The question of whether equality should be taken farther is largely an ideological question. In Figure 2 it is seen that the number who answer yes to this question varies according to where the person queried places himself from left to right on the political spectrum. The figure shows that adherents of taking equality farther are in the minority from the middle toward the right. The difference between men and women is small. On the left 55-70 percent support taking equality farther. At the extreme left there is a clear difference between men and women. That appears reasonable, considering that equality seems to be the main issue for politically interested women on the extreme left in politics.



Key: (1) Should equality be taken farther? Ideological conflict or battle of the sexes?  
(2) Left  
(3) Right  
(4) Women  
(5) Men

To get an impression of attitudes toward a more concrete equality question, we asked to what extent people agree that married women should be laid off first during business contractions--if their husbands are gainfully employed. Here age plays a greater role than sex, because among the young and middle-aged about half disagree. Only 35 percent of the women and 20 percent of the men over 60 disagree. There is also a weak tendency for the youngest men to accept this form of discrimination to a greater extent than young women.

Attitudes on this question do not follow the placement from left to right on the political spectrum. Along the entire "axis" the difference between men and women is about 10 percent, so that half of the women are against discrimination and 40 percent of the men. Also here the distance between men and women is greatest on the left side.

A possible conclusion which can be drawn from the differences in the division of answers between these two questions on equality is that even the word "equality" is ideologically loaded in itself. Some of those who consider

themselves ideologically on the right take positions which agree with those that radical women have, but they avoid positive expressions and would hardly agree that their positions are "radical" even though a more "objective" judgment would place them there. In the same way there is a group of men who associate themselves with the left and who generally favor equality, but who take negative positions on concrete equality questions.

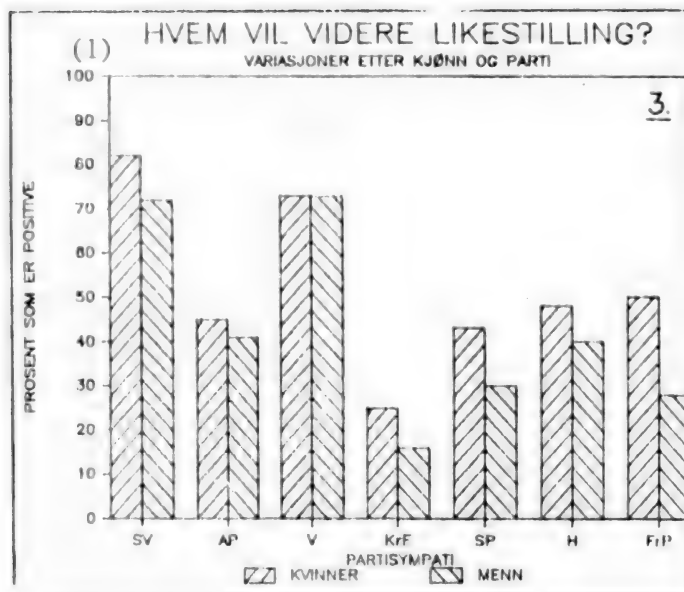
In the poll of November 1984 we have a considerably greater battery of questions about equality in working life than in 1983. Here it was asked whether people believe that women have it easier, more difficult, or about the same as men when it comes to:

- keeping a job
- pay conditions
- number of jobs they can do
- possibilities for advancement or promotion
- availability of training and occupational development.

#### Training/Pay

Both men and women believe that equality has come the farthest in training. Between 50-60 percent of both men and women believe that women have a more difficult time with pay, keeping a job (employment security) and promotion/advancement. The impression seems to be that women meet the greatest obstacles when it comes to the number of jobs they can do. The difficult phrase "sexually divided labor market" seems therefore to have firm roots in reality. The division of responses show small variations with age, but there are many more in age group 30-39 who believe that there is discrimination than in the other age groups. The division of answers varies little with placement from left to right in the political spectrum.

On the other hand if we go back to the general question of whether equality should be taken farther, we find that voting for that is strongly different in different parties according to their placement on the political spectrum. In Figure 3 we see that voting is clearly more positive in the Left-Socialist and Liberal Parties (Liberal Party numbers are very small). The Labor and Conservative Parties are in a middle group with a positive response from about half the women and a somewhat smaller share of the men, especially in the Conservative Party. The figures for the Progressive Party are too small to indicate anything positive, especially as to the women sympathizers, but those who were queried separated themselves from the Conservatives and the Labor Party. On the other hand voting for equality among men is moderate, both here and in the Center Party. The lowest is the Christian People's Party, where the debate on equality does not seem to have taken root. Voting seems to be negative, especially among the older voters, which this party has a relatively large share of.



Key: (1) Who wants to take equality farther? Variations according to sex and party.

Parties:

SV - Left-Socialist

AP - Labor

V - Liberal

KRF- Christian People's

SP - Center

H - Conservative

FRP- Progressive

If one should make a prediction about equality as a theme in the election campaign, it must be a stronger emphasis on women's power in the Labor and Conservative Parties. The Labor Party has a good reputation in equality policy and can continuously mobilize working women by connecting equality and the expansion of the welfare state. The Conservatives still have the possibility of capturing younger voters from the middle parties by emphasizing that they are the natural party for modern young women who want equality but are not so radical on other issues. This is a challenge which the Center Party has discovered, but which in the 1989 election will also come to the Christian People's Party. The Progressive Party can partly solve its problem by mobilizing toward the most radical within the women's movement, but must expect to be weaker among women than among men.

9287

CSO:3639/69

POLITICAL

NORWAY

NATO MEMBERSHIP SEEN REASON FOR SOVIET INTRUSION APOLOGY

Oslo AFTENPOSTEN in Norwegian 24 Jan 85 p 5

[Article by Bjorn Talen]

[Text] "The reason why the Russians apologized after the Pasvik incident and did not in connection with the submarine incident in Karlskrona is that Norway is a member of NATO while Sweden is not. We would have much greater problems in the Nordic region with respect to the Soviet Union if we did not belong to NATO," said former NATO opponent Hans Wilhelm Steinfeld in a conversation with AFTENPOSTEN. This evening Steinfeld will meet AKP [Workers' Communist Party] leader Kjersti Ericsson in a duel at the Political Forum on the topic, "Frozen Front Against the Soviet Union." The former Moscow correspondent for NRK [Norwegian State Radio] does not think that we in the West are very good at distinguishing between short-sighted behavior modification measures against the Soviet Union and a more long-range strategy.

A lot of wasted energy--that is how the Kremlin regards the punitive measures implemented in the West in connection with such things as the occupation of Afghanistan and the shooting down of the South Korean passenger plane. These reactions have little effect on the Soviet leadership in Steinfeld's opinion.

"It is vital to react with determination and conviction to such occurrences. But at the same time it must be made clear to the Russians that they have something to gain from behaving circumspectly," said Steinfeld, who obviously does not believe in a consistent frozen front.

A long-range strategy must be based on obtaining a detente that can take a few hard knocks. Richard Nixon called this "hardheaded detente" in his latest book. He now thinks that the detente he and Kissinger advocated in the early 1970's was too fragile and based on the optimistic belief that it would last.

Are Soviet leaders better when it comes to long-range strategy?

"No, they are not. They are trapped by their own isolation and their lack of understanding of the West leads to constant blunders on their part. They were displeased with Carter and thought Reagan would be another Nixon. They blundered over Schmidt's departure and the role of the Falklands crisis for



Thatcher. They did not understand what led to conservative governments in Norway and Denmark either. The system has developed its own inertia. The shooting down of the South Korean plane was scarcely a deliberate policy and in Afghanistan Soviet leaders are the prisoners of events.

"On the other hand many people in the West suffer from the misconception that there are hawks and doves in the Kremlin. The Soviet Union is in a geriatric leadership crisis and we can hope for a new generation of Soviet leaders unaffected by the paranoia of Stalinist terrorism and the war who will be easier to work with. But it is wrong to think that they will have more benevolent feelings for the West. The new generation will better understand that the necessary economic modernization in the Soviet Union requires detente.

"The Soviet Union cannot afford four more years off in relation to the West. That is why they are back at the bargaining table now. The supporters of NATO's dual decision were proved right there," Steinfeld said.

6578

CSO: 3639/63

POLITICAL

SWEDEN

## VIETNAM AID CUT, NICARAGUAN INCREASED IN BUDGET PROPOSAL

### Africa Remains Largest Recipient

Stockholm SVENSKA DAGBLADET in Swedish 11 Jan 85 p V

[Article by Hakan Bergstrom: "Foreign Aid Again Becomes One Percent"]

[Text] For the 1985/86 fiscal year the administration proposes that foreign aid should amount to one percent of the gross national income (GNI).

Last year the level of foreign aid was temporarily reduced, with the result that the aid to developing countries must now be increased greatly in order again to reach the one-percent level. The foreign aid appropriation is therefore raised by 1 billion kronor to about 8 billion kronor.

The major part of the money is being channeled as bilateral aid directly to the 17 developing nations chosen. Tanzania is the largest recipient and will according to the proposal receive 460 million kronor for the next fiscal year.

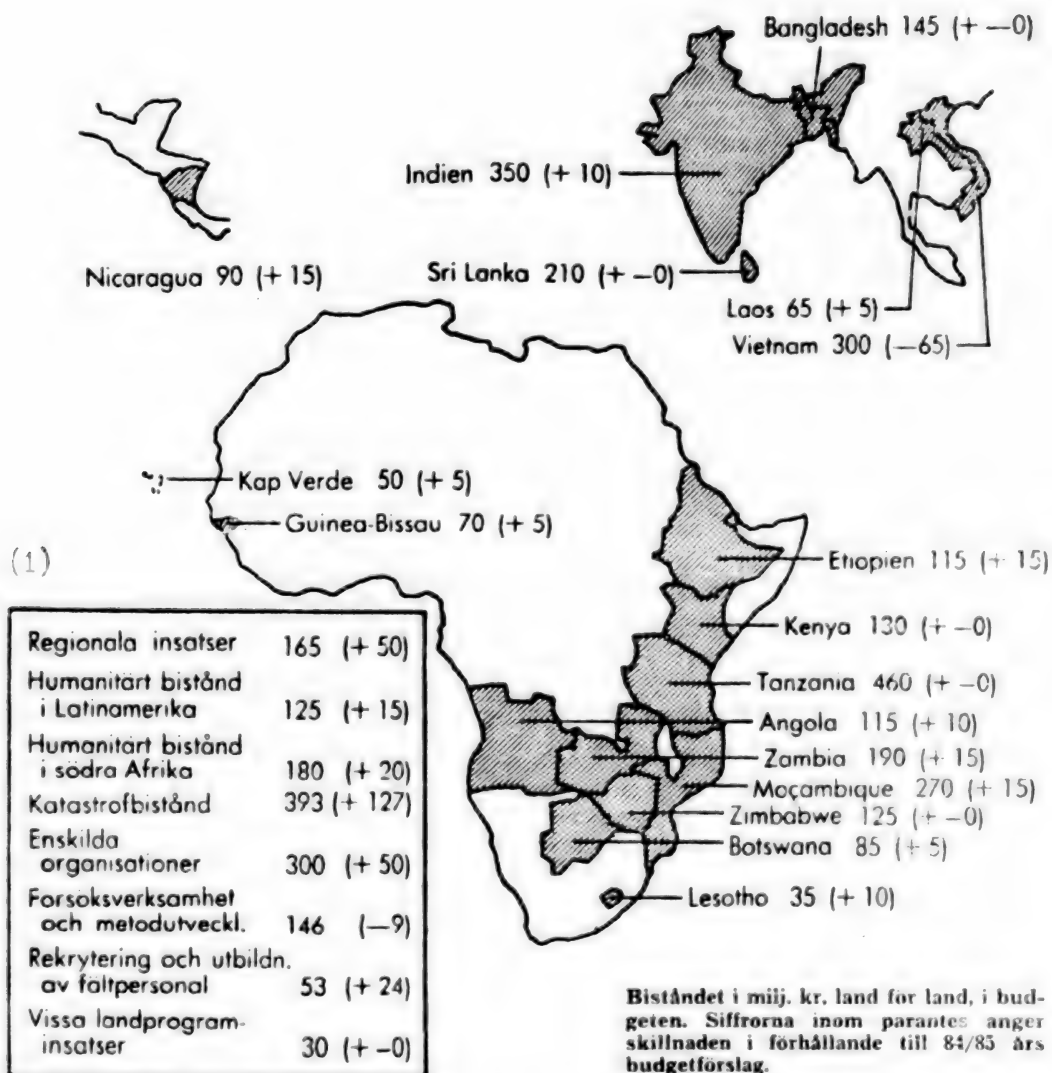
There is one country in which Sweden will cease its long-term development involvement. This is Swaziland, which in the last few years has received only a few scattered millions in development aid.

The increase in aid will primarily be used in order to facilitate the payment capability of heavily indebted developing countries. The government wants to earmark 400 million kronor in order to provide balance of payments support for developing nations with acute debt crises.

During the year a working group will closely examine the effectiveness of administering the aid and suggest improvements.

According to the budget proposal, 225 million kronor are to be used for promoting Swedish exports. The administration gives quite a favorable account of the foreign trade. For January-October 1984 the Swedish exports were 19 billion kronor higher than the imports.

In recent years the export of war materiel has amounted to the equivalent of about 1.2 percent of the total Swedish export. According to what was reported in the budget, the government in 1984 approved war materiel exports at a value of 2,240 million kronor. Some of these export permits concerned weapons exports for the following year.



Foreign aid in million kronor, country by country, in the budget. The figures in parentheses indicate the differences in relation to the 84/85 budget proposal.

Key 1: Regional contributions	165 (+ 50)
Humanitarian aid in Latin America	125 (+ 15)
Humanitarian aid in southern Africa	180 (+ 20)
Emergency relief	393 (+127)
Individual organizations	300 (+ 50)
Experimental activity and method development	146 (- 9)
Recruitment and training of field personnel	53 (+ 24)
Specific country program contributions	30 (+ -0)

The cost of administering the foreign aid amounts to over 1 billion kronor. One new item is that the government wants to open a new Swedish diplomatic mission in Maseru in Lesotho. Among other things, improved Swedish administration is needed in Lesotho for handling development aid to the country. According to the budget proposal, Lesotho will receive 35 million kronor in Swedish aid for 1985/86.



Ministers: Lennart Bodstrom, Mats Hellstrom

Secretary of State for Foreign Affairs: Pierre Schori

Undersecretaries: Gosta Edgren, Carl-Johan Aberg

Total: 9,714 million kronor (+ 1,120)

Largest items of expenditure:

Foreign aid 7,907 million kronor (+1,012)

Foreign service etc. 1,050 million kronor (+90)

Foreign trade and export promotion 279 million kronor (+31)

Contributions to international organizations 254 million kronor (-2)

Stockholm Conference, research etc. 136 million kronor (-15)

#### Development Aid Chief on Programs

Stockholm DAGENS NYHETER in Swedish 13 Jan 85 p 6

[Interview of Sida chief Anders Forsse by Peter Bratt: "Padded Budget Guts Foreign Aid"]

[Text] "Several reporters have called and asked whether I'm happy that the one-percent goal has been reinstituted and wondered what I am going to do with the money. But we received 300 million less than we asked for. There is too much talk about the volume and too little about the content," says Sida [Swedish International Development Authority] chief Anders Forsse.

In the budget proposal one percent of the gross national income is earmarked for foreign aid, or 8,060 million. The UN system gets 2,280 million and Sida 4,200 million. Other contributions are allocated 1,030 million, an item whose effect is, among other things, to subsidize Swedish export to the developing countries.

[Question] The major news is a so-called balance of payments subsidy of 400 million kronor. But these are funds which will never leave Sweden. It is a fictitious item, against which various Swedish claims against developing nations are to be written off (receipted). These might be projects which are purely commercial to start with. Is it reasonable to call that foreign aid?

[Answer] This support is included in "other contributions" and thus falls outside Sida's area of responsibility. I think it is unclear just how this item is to be used, Anders Forsse says.

Tanzania, for example, has tremendous debts. It is one of our major foreign aid countries. If Tanzania agrees with the International Monetary Fund on the conditions for a rescue plan, we have unofficially promised to help.

If money from this item is then used to write off old debts, I assume that this will release some funds which could be used to import for example fuels and spare parts. In that case it is good.

[Question] But this could have been accomplished by taking money from the emergency appropriation and increasing that item instead. The Foreign Office has said that the balance of payments subsidy will be used for writing off old debts, among other things. The precondition is that projects can be found which have had some form of reasonable development effect.

[Answer] Naturally, a project is examined from the aspects of foreign aid before being initiated. This is how we work at Sida and this is how the "mushrooms" outside Sida (Swedfund and Bits [Committee for International Technical Cooperation], financed through "other contributions") work.

The government has now advanced the argument that it should be possible afterwards to finance things that were originated for entirely different reasons, such as purely commercial. We recently had to pay a few invoices for Vietnam, the origin of which we had had nothing whatsoever to do with.

#### Credits

[Question] The government has given Bits 475 million for use as credits to developing nations. Since 1980 Bits has received 1,375 million kronor, but it has only paid out 152 million. Any comment? (Credits to developing countries are "sweetened" credits, which are given to a developing country so that it will be able to afford to purchase Swedish export goods. The sweetening is the gift portion of the credit, or 25 percent. The remainder is ordinary commercial credit. The gift is counted as development aid, but not the commercial credit.)

[Answer] We received 300 million less than we requested and Bits got 100 million more than it wanted. One conceivable possibility is that the administration knows that the money will not be used at Bits, which it would surely be had it been given to us. I'm not saying that in order to complain but to indicate a position.

(The one-percent goal is a domestic appropriation goal. It is another matter if afterwards the money is not used. Internationally, we have only promised to pay out 0.7 percent of the GNI.)

[Question] In order to raise the quality of the aid, which is a prerequisite for getting it there, Sida has for a long time demanded more positions. The government now says no. The government should solve Sida's capacity problem by telling it where the ambitions can be lowered. What do you say to that?

[Answer] Our goal is to support poor people and not regimes in poor countries. Our entire effort is aimed at that goal. This is why we want fewer import subsidies and more rural development, for example. We wanted to remove the boundaries between the import subsidy and the better prepared project subsidies.

This is rejected by the government. The import subsidy is to be simplified and apply only to bulk goods such as grain, pulp etc. The import subsidy does not reach the poor groups. It can only promote general economic growth. But if it is mismanaged it does not even have that effect. Previously, it has often been mismanaged.

Now that we are not allowed to increase our capacity (more positions) we are forced to undertake drastic measures in order to avoid collapses in the organization. The aid to some countries will not develop the way we expected a few years ago.

What is good is that the administration assumes responsibility for the altered level of ambition. The next time that the Accounting and Audit Bureau remarks on the lack of quality and ambition, we can say: Turn to those responsible! And we will do so, too.

#### More in Form of Credits

Stockholm DAGENS NYHETER in Swedish 13 Jan 85 p 6

[Article by Peter Bratt: "Credits Reduce Appropriation"]

[Text] This year Sida receives 52 percent of the foreign aid appropriation. It means that Sida's share has dropped nearly 10 percent in a few years.

"The reason for the reduction is the emergence of credits to developing countries. This was done intentionally in order to create mutually improved relations with a number of countries which are not among the poorest," Undersecretary Gosta Edgren said as he presented the budget at Sida.



During an earlier presentation to the Association for Development Issues, Edgren said that the declining payments, reported by OECD's development committee DAC [Development Assistance Committee], are a problem.

"Our one-percent goal is an appropriation goal. The payments lag behind. They now amount to around 0.85 percent of the gross national income and will drop even further."

#### Temporary Measure

"The reason, among other things, is the appropriations for Bits which have not been used. (Over 1 billion kronor have not been paid out.) But Bits must be regarded as a credit institution. Our evaluation is that Bits is beginning to have the capacity to spend the money."

Edgren described the 400-million balance of payments subsidy as a temporary measure.

"If this is worth being called foreign aid or not cannot be determined until it has become evident where the money has gone. I think it will be possible to use it in a reasonable manner; there are opportunities for that," Undersecretary Edgren said.

"Budget funds must be set aside for writing off debts to the state. When the debts have been eliminated, new funds cannot be earmarked; that is why in my opinion this is a one-time occurrence."

#### Aid for Vietnam's Foreign Debts

Stockholm SVENSKA DAGBLADET in Swedish 16 Jan 85 p 6

[Article by Hakan Bergstrom: "Swedish Foreign Aid Helped Vietnam out of Business Difficulty"]

[Text] Swedish foreign aid has been used in order subsequently to regulate debts incurred by Vietnam after business deals with Swedish companies.

The assistance organization Sida was thereby deprived of 70 million kronor, which would otherwise have been used for other purposes in Vietnam.

"This is not the way it should work. Sida should not become a financing company for the export industry. The measure has made our planning more difficult," says Sida chief Anders Forsse.

The matter might be regarded as a sign that the administration places greater emphasis on regulating the debts of the developing countries to Sweden. In this year's budget proposal the administration has also introduced a completely new appropriation item within the foreign aid, a so-called balance of payments subsidy of 400 million kronor. This money is to be used for,

among other things, writing off certain debts which the poorest countries have incurred. The hope is that they will thus make room financially for other efforts.

However, the precondition is that the debts originate from deals defined as development-promoting. It will not be possible, for instance, to write off debts for purchased battle tanks.

Vietnam can be seen as an illustration of how foreign aid funds are used to regulate debts.

In 1977-78 three companies--Volvo, Kockum and Aga Geotronic--entered into a trade agreement with Vietnam for a total of about 60 million kronor. It involved deliveries of fork-lift trucks, trucks and measuring equipment. Payment was to be on delivery. In order for the companies to risk this deal, guarantees were needed from the Export Credits Guarantee Board (EKN). EKN functions as an insurance company. If the Vietnamese could not pay the debt, the EKN would indemnify the companies with 80 percent.

At that time Vietnam was considered credit-worthy, but the situation changed. The Vietnamese could not pay. The EKN therefore had to intercede and assume the debts.

EKN then discussed with the government how this money might possibly be saved for the Swedish state. The idea was born that the money could afterwards be deducted from Sida's foreign aid appropriation to Vietnam (a total of 300 million kronor for the present budget year).

The government approved this solution. Sida lost 70 million kronor (including late charges). Sida would otherwise have used the money to supply Vietnam with raw materials and spare parts for industry. The three Swedish companies were able to benefit from the government's decision. If the EKN had not saved their money, the companies would only have been paid 80 percent of their claim. Now, the companies will receive the entire sum requested.

From Sida there is an objection on principle against this procedure. Sida wants to use its development appropriation exclusively for those measures which it has planned and prepared by itself. Only Sida is to evaluate which contributions will result in the best development effect. In this case it was a commercial deal, which in the end was paid for by development funds.

The reason why the government chose this solution was that the deal was nevertheless considered in line with development efforts. Vietnam benefits from fork-lifts and trucks.

However, the fact that a special balance of payments subsidy is introduced will mean that money for this type of debt regulation will primarily be taken from that appropriation item. In the future, Sida should not have to lose its money afterwards.

## Conservatives Oppose Vietnam Assistance

Stockholm DAGENS NYHETER in Swedish 18 Jan 85 p 8

[Article by Kaa Eneberg: "Conservative Aid Proposal: Abolish Vietnam Support"]

[Text] No new foreign aid funds to Vietnam and a total shrinkage of the Swedish assistance budget by 800 million kronor for the next fiscal year. These are the Conservative Party's demands in its foreign aid proposal.

The party, which traditionally is critical of Swedish foreign aid, is of the opinion that the assistance policy of the Social Democratic administration is overly regime-oriented and lacks demands. The entire aid should be made more effective and actually reach those who are suffering.

The Conservatives believe that this goal can be reached by, among other things, giving the volunteer organizations more money. The party wants to give an additional 32 million kronor to these organizations, which the government suggests should get 300 million.

Vietnam, toward which the party has critical attitude, should be eliminated as a recipient of aid. No new appropriations should be granted for next year, but the administration should conclude the Swedish efforts with the existing reserves from appropriations already approved, the Conservatives say.

They also reject increases in appropriation for a number of countries such as Angola, India, Tanzania and Mocambique, where reserves have occurred.

The party is also critical of the administration's new 400-million-kronor appropriation in so-called balance of payments subsidies.

Instead, it wants to reintroduce the environmental appropriation which the nonsocialist government introduced and which the Social Democrats abolished. The party wants it to be as high as 125 million.

The party, which opposes the Swedish South Africa law, raises the appropriation for South Africa by 10 million, however, with the motivation that democratic forces in South Africa should be supported.

## Liberals: Cut Vietnam Aid More

Stockholm DAGENS NYHETER in Swedish 19 Jan 85 p 8

[Article by Kaa Eneberg: "Liberal Party Motion on Vietnam: Cut Back the Aid!"]

[Text] Criticism of the Swedish aid to Vietnam is growing in Parliament. On Friday the Liberal Party also advocated a gradual elimination of the developme' aid to Vietnam. In order to denote its distance to the

Conservative Party, the party envisions not an immediate breakoff but "a gradual elimination under orderly conditions."

Up to now the Liberal Party has more or less kept pace with the Social Democrats regarding its stand on Vietnam in the shadow of the war in Cambodia. During the years of nonsocialist government, the Liberal Party served as a guarantor, ensuring that support to Vietnam fell short only by minor amounts.

The Social Democratic administration, which was critical of the nonsocialist cutback, has now shrunken the Vietnam aid to 300 million kronor for the next fiscal year.

In its motion, a counterproposal to the administration's proposal, the Liberal Party manages to reduce the aid to Vietnam to 200 million kronor. Promises are made to return with suggestions for how to accomplish the gradual cuts.

#### Cambodia

"The decision has a clear connection with Vietnam's warfare in Cambodia," said Member of Parliament Jan-Erik Wikstrom, when he presented the party's foreign aid policy on Friday. If Vietnam pulls out of the neighboring country, "the conditions will be different," and the Liberal Party must begin a new discussion, Wikstrom stated.

The Liberal Party is critical of the proposal that the administration itself should shift 400 million kronor in balance of payments subsidies over to the developing countries and over to a 100-million-kronor appropriation for credits to developing countries via the Committee for International Technical Cooperation, Bits. For the same reason as the Conservatives, the Liberals reject both proposals, saying that the money is likely never to be paid out but will remain in Sweden.

"We are in favor of appropriated money actually being paid out. Give the money to the foreign aid organization Sida instead. It really does not matter who plays with these funds," said Wikstrom, himself a member of the board of directors of Sida.

#### By Way of Parties

In the bill the concept is also brought up that it should be possible to convey foreign aid funds to the developing nations by way of the political parties, in order to use them in the struggle for democratic development in the countries. The FRG foundations that are active in developing countries form the model for the proposal.

An old Liberal demand is also that donations for international assistance work should be deductible.

Wikstrom noted that the Center Party and the Conservatives opposed this Liberal proposal in Parliament, despite the fact that it was included in the joint government declaration.

Just as the Conservatives, the Liberal Party also wants to reintroduce the environmental and land conservation appropriations of the nonsocialist period which the Social Democrats have cancelled. One hundred million kronor are suggested for that.

The decision by the national congress in the long run to increase the foreign aid volume to two percent of the gross national income is also presented.

11949

CSO: 3650/136

MILITARY

FINLAND

## POLL EXAMINES MISSILE'S IMPACT ON COUNTRY'S DEFENSE CREDIBILITY

### Thirty Percent See Credibility Reduced

Helsinki UUSI SUOMI in Finnish 21 Jan 85 p 2

[Article by Jyrki Vesikansa: "Belief in Defense Capability Did Not Increase Anyway; Information Partial Reason for Misperception of Inari Events"]

[Text] The Inari missile incident did not shock the Finns, but interest in it was great. Thus there hardly appear any "cannot say" answers at all in the quick survey by Economy Research, Inc., and regardless of the question, roughly one-third of the respondents were in one camp and two-thirds in the other.

Economy Research brought opinions of the Inari events to light through telephone interviews immediately after the events had died down, or 10 to 15 January. The incident took place 28 December, and the first news about it was published 2 January. The Soviet Union expressed its own regret about the matter on 4 January, and the case was discussed on 7 January during President Mauno Koivisto's trip to Stockholm.

On the other hand, the respondents were not generally aware of the facts presented in General Jaakko Valtanen's speech on 14 January.

### Uninformed of Achievements

The Inari events did not bring much credit to Finland's defense readiness and capability, in the opinion of the respondents. It is true that 63 percent felt the events did not have an effect on this, but one-third believed that confidence in defense capability had declined. And only 4 percent thought the events had increased confidence in this respect.

The image produced stresses the importance of providing information, because it is largely a question of so-called optics. After all, Finland is in reality the only Nordic country which got a combat fighter plane into the air after spotting the missile. If the Soviet Union itself had not shot down the object, Finland would have had every opportunity to destroy it.



Suppressed information thus kept the actual achievements from view even in the home country. Foreign appraisals can only be guessed.

On the question of confidence, the only noteworthy difference among the various respondent groups was the particularly critical attitude of those 35 to 49 years of age. Just 1 percent of them believed confidence in our defense capability had increased, whereas the figure was 5 or 6 percent in the younger and older age groups.

#### Eldest Most Satisfied

In a direct question about professional communicative skills, approximately 60 percent expressed disapproval of the authorities. Reasonably satisfied, however, were those over 50 years of age, whose opinions inclined toward criticism by a "vote" of only 49 to 47 percent. Their experience of the trustworthiness and scarcity of news in wartime may be in the background.

The requirements of the principles for providing information are, however, quite moderate. In the opinion of two-thirds, one should wait for facts to be confirmed before publishing them. Yet one-third insist that even uncertain information be published immediately.

On this question only large-city residents--of which altogether 73 percent presumed the confirmation of news before its publication--differed to a statistically noteworthy degree from the average distribution of answers. Could this result from the fact that they live in the sphere of influence of evening-newspaper culture?

#### Majority Unperturbed

The Finns, for the most part, reacted to the events calmly: roughly two-thirds characterized their feelings with the help of this word. About one-fifth were not frightened at all by the affair, and just one-fifth said they had felt fear.

No doubt the calmness derived from the fact--alongside national character--that no afterclaps involving foreign policy were heard in connection with the affair. It was likewise clear almost from the very outset that in that situation the eve of negotiations between the superpowers--no one had any reason to increase tension by launching missiles into neutral countries; it had to be a question of technical error.

The slowness of information could be felt even here: of the large newspapers, only UUSI 'SUOMI (4 January) emphasized the calmness of the entire situation, while in the opinion of others (also television news) the main thing, even on the second day, was the exciting drives on motor-driven sleds in the intense cold around Lake Inari.

#### Young People See Affair in Different Way

It is particularly significant that one-fourth of those under 35 reported they had experienced fear and only about half said they had been calm. Young adults

obviously experience the threat of nuclear war differently from older age classes, which are experienced but perhaps benumbed as well.

### It Was Seen This Way

In the following, the distribution of answers is given as a percentage.

What was the effect of the missile incident on confidence in our country's defense readiness and capability?

Increased confidence.....	4
Decreased confidence.....	32
Had no effect.....	63
Cannot say.....	1

Did Finland's authorities act with professional skill in providing information associated with the event?

Yes.....	39
No.....	58
Cannot say.....	3

When should information about similar events be made public?

Immediately, on the basis of preliminary and uncertain data.....	31
When details of the affair have been confirmed.....	62
At the stage in which foreign countries have also become involved in the matter.....	3
It is better that no information be given to anyone outside the defense forces and the government leadership.....	4
Cannot say.....	1

Personal reaction to the missile incident.

Extremely fearful.....	3
Fearful.....	16
Without special feelings.....	18
Calm.....	49
Extremely calm.....	15
Cannot say.....	0

The questions were answered by 301 persons whose composition tallies with the age, sex and residence distribution of the population which has turned 18. Due to the smallness of the respondent group, however, the results should be read as approximations. In a way, errors of as much as 5 percent belong to the "spirit of the game." The main lines are nevertheless statistically reliable.

Paper Comments on Poll

Helsinki UUSI SUOMI in Finnish 22 Jan 85 p 2

[Editorial: "Missile Fears"]

[Text] Poor management in providing information associated with the affair remained in the minds of Finns the uppermost impression of the Lake Inari missile incident. Belief in Finland's reliability suffered a small if groundless setback, reports an opinion poll for UUSI SUOMI.

All in all, the Finns were able to take an objective approach to the incident. The event did not really give cause for any state of alarm.

The reactions of the general public thus appear to be along the same line as those of General Jaakko Valtanen, commander of the defense forces. In his opinion, too, there was room for improvement with respect to providing information.

12327

CSO: 3617/67

ECONOMIC

CYPRUS

STATISTICS ON POPULATION GROWTH, BIRTH, DEATH RATE

Nicosia KHARAVGI in Greek 3 Jan 85 pp 1,9

[Text] The population of Cyprus (653,400 in 1983) shows a gradual increase of the aged due to the drop in births, with the result that the ratio of the old (over 65) has risen to 10.7% compared to 6.4% in 1960, while that of children (under 15) decreased from 36.4% in 1960 to 25% in 1983.

The demographic report for 1983 which was recently circulated discloses the above and many other interesting facts.

The main features of that report are summarized below:

Population Evolution And Composition

The population of Cyprus rose to 653,400 in 1983 from 644,900 the previous year; that is, it showed an increase of 8,500 individuals or of 1.3%. That increase was chiefly due to natural population growth, that is, to a difference between births and deaths corresponding to 7,840 people, and to a lesser extent to pure immigration, which contributed 660 persons.

As a result of the Turkish invasion of July-August 1974, population growth was negative for the first time, - 0.8% including the war losses, immigration and a simultaneous decrease in births, but recent demographic developments favored population growth and raised the average annual rate to 0.8% for the period of 1976 to 1982. The population growth rate gradually increased and reached 1.2% for the period of 1980 to 1983. The decrease in births resulted in the gradual aging of the Cyprus population, and thus in 1983 persons of 65 and over constituted 10.7% of the entire population in comparison to 6.4% in 1960. The number of children decreased in absolute numbers and ratios. The ratio of children under 15 decreased from 36.4% in 1960 to 25.0% in 1983.

The difference in the composition of the population according to age was reflected in the proportion of dependents (number of children under 15 and number of those aged 65 and over, and in every 100 individuals over 15 and under 64). The dependents' ratio decreased markedly from 75 in 1960 to 56 in 1983. The sole reason for the drop in the dependents' ratio was the decrease in the number of children, which was not counterbalanced by the increase noted in the numbers of the aged.

## Births

In 1983 the projected number of births was 13,400, the gross birth rate was 7% for every 1000 inhabitants and the total fertility rate 2.48 children per woman.

The number of births gradually decreased from 1960 to 1975, and it brutally dropped to 9,896 as a result of the anomalous situation, the lowest figure for births since Independence. But from 1976 on a recovery was noted and the number of births rose to the level of the decade of the 1960's.

The gross birth rate followed a similar curve. From 26.0 births for every 1000 inhabitants in 1961 it gradually dropped and reached 16.0% in 1975. Then it began to rise, with small fluctuations, reaching 20.7% in 1983.

Changes in the overall fertility rate reveal that reproduction trends were not influenced by the changes in the composition of the population according to age. This evolution, as registered, does not differ from the picture which emerges from the gross birth rate. The overall fertility rate dropped from 3.5% in 1960 to 2.0% in 1975, and rose to reach 2.5 children for every woman in 1982-1983. This figure represents a hypothetical average number of children per woman, with the assumption that she follows the reproduction trends of the corresponding year.

It must be emphasized that the foregoing data clearly show that the birthrate still remains at levels which ensure the total renewal of the population, and that it dropped only temporarily to lower levels in 1974-1975 as a result of the Turkish invasion.

A positive trend toward a higher birthrate also emerged from the birth of third, fourth, etc. children, which showed a relative increase in recent years, representing a 21.8% proportion of the total number of births.

Cyprus has one of the lowest ratios of children born outside of wedlock in Europe, and reproduction takes place almost exclusively within the framework of marriage. The highest proportion of children born outside of wedlock within one year was noted in 1975, and it was only 0.7%. In 1983 only 38 children were born outside of wedlock, constituting 0.3% of total births.

## Death Rate

The number of deaths showed a small increase from 5,435 in 1982 to 5,814 in 1983 and the corresponding gross death rate rose slightly, to 8.6 deaths for every 1000 inhabitants. It is expected that with the aging of the population the ratio of deaths will remain at the same levels, or that it might even slightly increase in the coming years.

Infant mortality has reached a low level, which is estimated at 12 deaths of infants under one year for every 1000 births, compared to 63 deaths for every 1000 births during the period of 1940 - 1950.

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ECONOMIC

CYPRUS

BRIEFS

INCOME NEEDS FOR BASIC NECESSITIES AVERAGED - Today the amount of 3,420 pounds a year is required for the needs of an unmarried salaried person and if that person uses a privately owned car as a means of transportation that amount rises to 4,052 pounds. 5,206 pounds are needed for the basic needs of a childless couple, rising to 5,836 pounds if that couple uses a privately owned means of transportation. Those sums increase in the case of a 4-member family (a couple with two children) and vary according to the ages of the two children. To wit: for the basic needs of a family with two children aged four and one, the amount of 5,836 pounds is required; with two children aged 12 (first year of secondary school) and 9 (fourth year of elementary school), the amount of 6,415 pounds is required; and for two children aged 17 (third year of high school) and 14 (third year of secondary school), the amount of 6,611 pounds is needed. Naturally the maintenance expenses of a private car are not included in those costs. Those figures appear on the study titled "Family Budgets - Basic Needs of The Average Middle-class Family" published by the Pan Cyprian Union of Civil Servants (PASDYD) after extensive research as mentioned in the report. In relation to the 4-member family it is said that: "This is characteristic of the gap existing between today's basic needs and the earnings of the salaried, which in the case of civil servants, as was proven by the data already published by the Union, amount to 4,043 pounds annually." Initially, it is also pointed out that the term "average middle-class family" is not used here with its full ideological and socio-economical implications, but to describe a family of average means living in a city. The study also determines the cost of an education in an institution of higher learning abroad, which is set at about 2,285 pounds per year by the Ministry of Education on the basis of the legal amount of foreign currency that can be exported. [Text] [Nicosia 0 FILELEVETHEROS in Greek 13 Jan 85 p 1] 12278

CSO: 3521/156



ECONOMIC

ITALY

CIAMPI ON OUTLOOK FOR COUNTRY'S ECONOMY

Milan MONDO ECONOMICO in Italian 22 Nov 84 pp 67-74

[Article: "Ciampi's Recipe"]

[Text] Progress and difficulties on the way to stability and development: that was the theme of the address by the governor of the Bank of Italy, Carlo Azeglio Ciampi, at the 23rd national congress of the Italian Forex Club held in Genoa on 4 November. This is the full text of his speech together with a statistical selection from the latest BOLLETTINO ECONOMICO of the Central Bank.

Even in the year that is ending, the exchange markets have been marked with a dollar sign. American currency showed weakness in the first quarter but regained its ascendancy at an occasionally convulsive pace. Relative to the average of the other currencies, the rise was 8 percent in the first 10 months of 1984; in 1980 it had reached 37 percent. The dollar appreciated further despite the currently growing U.S. balance of payments deficit. This year, the deficit will approach \$100 billion, as opposed to \$42 billion in 1983. The strength of the dollar can therefore be attributed to the huge influx of capital into the United States. New stimulus will be provided by the abolition of the withholding tax and the issuance of bonds intended expressly for non-residents.

Interest rate differentials favoring the dollar were reduced in the early months of 1983 but began to grow in 1984. In the United States, sustained private demand for credit connected with the economic recovery has been added to the need to finance the government's budget deficit. The prime rate kept rising from the beginning of the year and exceeded 13 percent by September; the rate for federal funds exceeded by almost 2 points the level reached in December 1983. These increases in the prime rate took place even as the rate of inflation remained practically unchanged at about 4.5 percent. In October, there were signs of softening. The prime rate came down to 12 percent and the yield on federal funds returned to the levels prevailing at the end of 1983.

Unlike the past, the American banking system has been a net borrower of foreign funds since March 1983. This atypical condition is due mainly to

the increase in foreign activities being more restrained on account of the financial difficulties being experienced by many developing economies. Events in the United States have caused other countries to choose between sustaining domestic demand and defending against imported inflation. In Europe and Japan, the response to the rise of the dollar has not caused a worsening of monetary conditions. Interest rates in those markets have shown relative stability. If they had gone up, they would have interrupted the moderate recovery that is taking place.

Recent events confirm that if the money markets are left to themselves, they will be exposed to highly erratic behavior in the short run and, in the long run, to deviations in the exchange rate from levels deemed compatible with stable conditions in the exchange of goods and services. Since the period of fluctuation began, the oscillations in currency rates have been larger and more frequent than those foreseen by the critics of the flexible exchange rate system. These swings have grown sharper since 1980. The markets have been overreacting to stimuli in the absence of stabilizing intervention in the context of a set of coordinated economic policies of the various countries.

Such great fluctuations and an exchange-rate structure not correlated to the fundamental economic variables in each country are not without consequences for the world economy. The net effect of opposite-sign, equal-amount exchange variations is inflationary for domestic prices because of institutional and market rigidity and symmetry. Uncertainty over relative price trends is holding back investment and disturbing the allocation of resources. The change in competitive relationships is starting a new wave of protectionism in the United States, where manufacturers are warning against an overvalued dollar.

The Big Picture  
(planned preconsumption scenario of the Italian economy)

	<u>1983</u>	<u>1984</u>	<u>1985</u>
		(1)	(2)
	(percent variations)		
Real Aggregates			
Gross domestic product	-1.2	2.8	2.5
Domestic demand	-2.0	2.9	2.4
Real foreign balance (3)	3.1	-1.1	---
Deflators			
Gross domestic product	15.1	10.7	7.1
Private consumption	15.0	10.9	7.0
Exchange rates (3)	2.4	0.5	0.2
Financial Amounts/PIL [GDP]		(in percentages)	
Adjusted amount with foreign countries (IMF)	0.2	-0.3	-0.4
Current deficit P.A.	5.9	7.4	6.3
Indebtedness net P.A.	11.8	13.5	12.3
National government needs	16.5	15.7	14.4

- (1) Preconsumption ISTAT [Central Statistics Institute]
- (2) Provisional Planning Report for 1985
- (3) Percentage variations in the index calculated as a ratio of numbers indicative of quantities (deflators) of exports and imports on national accounts.

#### Toward a New Phase

While it is true that the conditions no longer exist for a return to a fixed exchange rate system, it is obviously inconvenient to prolong the current phase of erratic movement and distortion in currency relationships. Solutions must be sought that are based on the recognition of economic interdependence and, therefore, on a coordination that entrusts exchange rates to the wider strategy of economic policy followed by each country.

The Group of Ten is presently trying to do this. By statute, the International Monetary Fund (IMF) has completed surveillance of its member countries' exchange rate policies. But implementation of the law has so far been lacking at a time when it is a matter of moving from action at the level of individual economies to one that confronts the problem of coordinating policies internationally. Italy has been promoting among the associate members of the Group of Ten an initiative of understanding that would launch a multilateral examination of the interaction and compatibility among the economic policies of the main countries for the purpose of achieving greater exchange-rate stability. Progress is being made, albeit with difficulty, to strengthen surveillance of the IMF and to more closely the work of that organization with that of the OECD [Organization for Economic Cooperation and Development].

Despite the high levels of income and wealth in the United States, that country continues to absorb savings from the rest of the world. It is using financing techniques that reduce the use of international bank intermediation and, particularly, use of the Euromarket. The objective is to stimulate foreign demand for U.S. Government bonds in order to lower their yields and thereby hold down the cost of the deficit. But if no attempt is made at the same time to reduce the federal budget deficit, there will be a long-term negative trend that will drain money from the world economy. It is therefore important for the U.S. economy, too, that meetings and agreements take place in an international setting.

The dollar's rising phase has coincided with the longest period of stability that the European Monetary System [EMS] has experienced since its founding. The last currency realignment goes back to March 1983. The strength of the dollar was first felt on the German market and has been an indirect force for cohesion in the EMS. But EMS member countries have played a fundamental role in the progress they have made toward more balanced domestic and foreign conditions. In 1982, the average inflation rate in the EEC was 10 percent with a spread of about 12 points between the highest and the lowest rates. In the current year, the average rate has been less than 7 percent, and the maximum spread has dropped to 8.5 points. The current balance of payments has shown considerable improvement. In 1982,

three EEC countries were running surpluses; the others had deficits between 1.6 and 10.1 percent of their gross domestic products [GDP]. In 1984, the same countries have been showing surpluses, but the others' deficits have fallen to between 0.4 and 4.7 percent of their GDP.

### Increasing Stability

The EMS experience is useful to the debate on ways to increase the stability of the international monetary system. The harmonization of monetary policies has been sought as an appropriate structure for exchange. Actions have been taken on the currency market in a timely manner according to established monetary policy so that they would support each other. Erratic movement has been avoided in exchange relationships within the EMS. This experience confirms the central bank's presence in the markets as exerting a stabilizing influence and favoring such orderly corrections in parity as might be required by basic economic trends.

The greater cohesion of EMS currencies, given the limits of the European economic area, cannot avoid the world exchange markets' being increasingly influenced by financial operations or pure speculation unrelated to international trade. The instability of exchange rates plus the American authorities' policy of refusing to take any corrective action opens the door to operators with a strong propensity to take very short-term risks.

In this context of increased risk in relations between the principal currencies and the dollar, banks must watch their step. More than ever, bank administrators must make sure that their institutions refuse to take risks that cannot be analytically justified, especially in their foreign operations. Opportunities for profit must be sought by improving services to customers rather than making more loans haphazardly at increasing rates of risk. Among exchange operators' qualities, prudence is the ultimate standard for doing business justified by currency laws and the internal policies of the bank itself.

### The International Situation

The recovery of the world economy, which began last year, has slowed down in 1984. It started later in Europe, where the growth rate is lower than in Japan and lower still than in the United States. The current cycle reflects and confirms in other ways, too, the presence of productivity weakness and of labor market rigidity in European economies.

In the United States, the expansion has affected all components of domestic demand, particularly investment. In the closing months on 1982, the use rate of productive capacity grew rapidly, and the unemployment rate dropped 3 points. The intensity of domestic demand and the further erosion of competitive position due to the appreciation of the dollar have caused, as we have said, considerable worsening of the trade balance. In Europe, with the exception of the United Kingdom, foreign trade has contributed most to income because of pressure from the United States. However, the recovery has not been sufficient to improve the depressed situation of the labor

market. Pressure on prices has gradually eased in Europe, especially in West Germany and even more in Japan despite its more rapid increase in economic activity. Excess labor supply and the expectation of lower inflation have moderated wage increases. A strong increase in productivity associated with the recovery in production has further contained the rise in costs and prices.

Recent OECD calculations show that the appreciation of the dollar directly reduced inflation in the United States by about 1 point in 1982 and 1 point again in 1983. In the other industrial countries, the inflationary consequences of the dollar's appreciation have been mitigated by initially stationary and then fluctuating dollar prices of raw materials. The structural lessening of the elasticity of demand for inputs relative to production levels, lesser demand for raw materials, high real interest rates, the strengthening of the inverse relationship between prices of primary products and the exchange rate of the dollar especially as a consequence of intensified competition between countries exporting raw materials with high foreign debt: all these elements have weakened the link between the cyclical evolution of world demand and that of dollar prices for primary products.

Economic policies remain cautious in Europe and Japan, where restrictive monetary conditions continue to be accompanied by indirect attempts to make structural reductions in budget deficits. In the United States, on the other hand, federal borrowing has stimulated growth. Only recently did Congress approve direct provisions for restraining the federal deficit in future years, and the effects will likely be limited in any case. Unless steps are taken to correct the budget, it will be hard to make monetary policy less rigid. High U.S. interest rates will continue to affect the economic policies of other countries with particularly serious effects on the more indebted developing economies.

The current foreign deficit of these economies is down from that of 2 years ago, but it remains high. The relationship between debt service and export profits has been reduced, mainly by virtue of renegotiations concluded with the private banking system. But financing granted by the international capital market has remained relatively modest, and the results would be even less if agreements had not been reached with the IMF, which has approved important support "packages." International institutions, particularly the IMF, have been operating actively, using their own resources and favoring the influx of medium- and long-term private capital. The IMF's financial capacity remains high, so much so that at its last meeting the governing commission slightly reduced limitations on borrowing in 1985.

However, the debt situation remains worrisome. It is shaping up as a long-term problem. The countries with the highest deficits will have to continue to make great efforts under difficult social and economic conditions if they are to meet their foreign debts. Technical solutions will have to be sought and implemented in light of the specific characteristics of each economy. None can be efficient if support for balanced income growth and foreign



exchange is lacking. More generally, even if rates and intensity vary from country to country, the composition of demand and the structure of production will have to complete the process of bringing up to day a relative price system that has changed profoundly. Only in this way can inflation be shown to be under lasting control.

Total Domestic Credit  
(percentage variations on an annual basis)

	1983	<u>First 8 Months</u> 1983	1984
Financing by credit institutions <sup>1</sup>	13.8	13.1	21.5
Financing by special credit institutions	12.0	10.4	10.5
Net bond issues	10.9	13.7	6.4
Public financing <sup>1</sup>	13.0	12.2	16.6
Domestic government sector needs <sup>2</sup>	27.2	25.9	20.1
Total domestic credit <sup>1</sup>	20.6	19.6	18.6

1. Data corrected for variations in the exchange rate, accounting consolidations and distortions connected with the abolition of the maximum.

2. Not counting contributions to the fund by financial intermediaries, consolidations and foreign debts.

#### The Italian Economy

In 1984, after 3 years of stagnation and recession, the Italian economy returned to growth. According to the most recent estimates, the GDP should increase by 2.8 percent, which is a moderate rate though higher than that of most European countries. Last September, for the first time in 11 years, price increases fell below a double-digit rate; between December 1983 and October 1984, the rate of increase in the cost of living, calculated for the same period as the preceding year, dropped from 12.8 to 9.1 percent. Only the year 1978, out of the last 15 years, is a precedent for inflation cooling while domestic demand is rising.

Capital accumulation has intensified along with production; it is directed mainly toward the modernization of plant and equipment. In various sectors, Italian industry has been able to meet the challenge of tough competition. As in all of Europe, this response has made the system pay a price in increased unemployment, which is due to personnel savings and is aggravated by the demographic bulge of a larger number of young people seeking work.

In the first half of the year, increased employment in the service sector, though considerable, did not make up for fluctuations in the other sectors. Monthly man-hours worked increased in industry, but the drop in the number of workers was the greatest in the postwar era. This phenomenon reflects the obstacles that institutional and market rigidity are facing with the rise in employment. The number of unemployed is growing and is already reaching the 2.5 million mark.



Still in the first half year, foreign accounts ran a deficit of 4.5 trillion lire. This can be compared with the deficit of 1 trillion lire for the same period in 1983. Forecasts for 1984 indicate a negative rate on the order of 2 trillion lire, which follows upon the surplus of 1.158 trillion lire for the year past. The contribution of services and transfer payments should turn out to be slightly higher; the worsening is therefore attributable to the trade balance. The resurgence of domestic demand has limited the growth of exports and has raised the volume of imports; the latter have grown further in value because of the appreciation of the dollar. The most recent data, on the January-August period, show that the trade deficit has grown to 11 trillion lire from 8.2 trillion lire in 1983.

Considering the comparative price trends for all manufacturing, competitive prices remained practically unchanged compared to European countries in the first 7 months of the year relative to the same period in 1983; it improved 1.5 percent relative to the total of the main competing countries; in the course of the year, however, there was a worsening of 2 percent. The gain in competitive prices compared to the dollar area has been particularly great; our position has been favored by trade with the United States, especially since the differing cyclical conditions of the two economies favor Italian exports; total exports have climbed by 1.9 trillion lire. On the other hand, trade with EEC countries has worsened by 1.1 trillion lire and trade with Eastern bloc countries, by 1.3 trillion lire. Relative to other countries, especially those supplying energy sources and raw materials, the deterioration has exceeded 2 trillion lire. The major imports, which have been attracted mainly by replenished reserves, have occurred in the areas of energy sources, chemicals, metallurgy and materials used in the more traditional products of our industrial system.

In the last decade, the elasticity of imports relative to income has increased significantly, reaching a value of 2.5 in recent years. This is one of the highest in industrialized economies. The average propensity to import, valued at constant prices, has gone up about 4 points and exceeds 22 percent of income. All types of products are involved, but to a great extent they are end-use goods. The determinants of this phenomenon, which makes the trade balance requirements stricter, are objects of analysis.

In the short, the use of international credit markets, as well as official reserves, is helping to cover the current deficit. The country's financial condition, not counting its gold reserves, went from balance in 1980 to a negative \$21 billion in 1982. At the end of June of this year, the imbalance came to \$23 billion or 7 percent of the GDP.

The conditions of the financial market, influenced by the financial problems of developing countries, are currently favorable to countries with good credit ratings, like Italy; we are taking advantage of it to renew loans. But the current size of the debt makes it inadvisable to rebalance our foreign accounts through further international financing. Putting our economy on a more solid footing is linked to the reduction of limitations on the movement of capital. The policy of liberalization, whose principles are the basis of the monetary law under discussion in parliament, should be implemented with realistic gradualism if it is to be lasting.

## Outlines of Economic Policy

The results obtained in 1984 in combining the production recovery with an appreciable deceleration in inflation confirm the validity of a method and show the way to be followed in the near future. It has been possible to reduce inflation without impeding the recovery of production because the government has not been overly permissive with the money supply and exchange and it has had a policy on incomes and the containment of government expenditures. The combined operation of economic policy is increasing the effectiveness of efforts at stabilization, is holding down the time needed and the costs, and is making it possible to meet potentially contradictory goals.

Corresponding to the action intended to regulate personal income is a greater sensitivity to the problem of the interrelationship of inflation, incomes and employment. Significant progress has been made in evaluating its relevance to economic growth and on some fundamental criteria for a solution. New attention is being paid to the general state of the system in setting wages; reference is now being made to labor qualifications and productivity, and the principle of general leveling is being rejected. The wage structure is being analyzed in its various components: automatic and discretionary, static and progressive. At the center of the debate is the necessity of making the tax burden less inequitable among dependent and self-employed workers.

As for achievements in terms of decrees converted into laws, the steps of wage indexation were set in the first half year. This measure, although limited in time, has contributed to slowing cost increases and reducing inflation; real per-worker wages have not suffered as a result.

The 1984 freeze on home rental indexation, the 10 percent limit on the increase of all public fees and administrative costs, and the activation of means and agreements of self-discipline in the retail sector have come together in this first phase of incomes policy. By their nature some of these provisions have effects limited by time; their contribution to containing inflation depends on what happens after the near term. The principle of not increasing real average wages attempts to give room to a diversification that would emphasize job qualification, but it has been widely respected in the private sector. In the civil service, on the other hand, wage increases have exceeded the inflation rate by about 2 points.

In industry, restructuring processes have been under way for some years, and the more efficient use of factories, which was widespread in the initial phases of the recovery, has resulted in large productivity gains. For all of 1984, the increase in production per hour worked is estimated at 4.5 percent and the increase per employee, at 6.4 percent. The annual increase in labor costs per unit product will just exceed 5 percent, which is two-thirds less than the average increase of the previous 5-year period.

Cost containment is being derived from domestic action. Foreign factors, despite currency exchange management oriented toward holding down inflation,

have exerted a contrary influence because of the high increase in value of the dollar. The rise of overall unit production costs is less than the rise in prices. Profit margins have grown after a 3-year period in which they tended to shrink. Overall profits have benefited from rising production levels, which favor increased investment.

#### Necessary Restructuring

In every sector of production, large-scale restructuring is called for because of pressing international competition, change in relative prices, and instability of final demand. Technological development makes restructuring possible and at the same time increases flexibility of plant and equipment. The reduction in capital intensity per unit product, which has been achieved in industry, can hardly be continued into the medium term. The slowdown in foreign connections and a full realization of the potential for development and employment presuppose a decisive orientation of production toward exports and a massive use of resources in deferred-income investments.

On several occasions I have had the opportunity to note how gross savings have been reduced relative to production from an average of 23 percent at the beginning of the 1970's to 18 percent in the 3-year period 1981-1983. This has happened mainly because the government budget deficit has grown. The requirements of economic growth and employment make it imperative to reverse this trend.

The national government's heavy deficit makes it impossible to increase investment and achieve a balance in foreign trade at the same time. Official estimates put government's revenue needs at 95.8 trillion lire for 1984. Data on consumption may be less. In any case, the budget should grow more slowly than income. This is a positive development that interrupts a disquieting trend. The size of the deficit and the destruction of savings by government operators remains exceptionally high, and other significant indicators continue to give negative signs.

In percentage of production, the overall national government deficit, not counting finance costs, shows an increase with and without interest payments. The current deficit, which came to 6 percent in 1983, could exceed 7 percent this year. Larger savings formation in the private sector has once again been absorbed by current government expenditures to the detriment of capital formation. At the end of 1984, the national debt had grown by about 22 percent or 8 points more than personal income.

#### Monetary Policy

In the course of the year, monetary and currency policy accompanied the recovery by following a line of disinflation intended to prevent the recurrence of speculation and of inflationary psychology. The trend of real interest rates has been such as to leave margins for the cyclical recovery of investment profitability and at the same time to sustain the trend toward saving money. Since last December, the lira has depreciated

by 12 percent relative to the dollar and by 1.5 percent relative to EEC currencies.

In the first half year, the gradual lowering of nominal interest rates was made possible by the slowing of inflation and was helped along by reductions in the official discount rate in February and May. Up until spring, public financing, total domestic credit and the money supply remained within planned limits. From April on, credit increased noticeably. Meanwhile, the money supply continued to expand in nominal terms less than the increase of the product, and the expansion of public financing, although statistically unaffected by raising the debt limit, exceeded the objectives set at the beginning of the year. Bank loans appeared to be growing quite rapidly, and the difference relative to the growth in the money supply confirmed the formation of imbalances in foreign trade.

High demand for credit, nominal interest rates higher than those available internationally and expectations that the lira would stabilize in the international monetary system induced credit agencies to increase their net foreign indebtedness. In May and June, indebtedness increased by 3.5 trillion lire and posed problems of controlling credit in the immediate present and problems of controlling the exchange market in the near future. A maximum limit has been set on banks foreign debt.

During the summer, the credit expansion and the current balance of payments deficit continued to exceed forecasts. The growth of bank loans in lire was particularly rapid. Loan demand other than for funding current transactions and fixed investments and reserves higher than expected was directed to business's acquisition of large scale financial activities. The demand for loans was met by decreasing interest rates, and costs to business were further reduced to the extent that the financial costs of making a profit were tax deductible. But the loan supply was encouraged by the liberalization of a market that had been hemmed in for years by administrative obstacles and was therefore seeking new assets in a banking system where competition was structurally intensifying. In banking, loan expansion up to June substituted for government bonds. In July, the acceleration extended to deposits and caused concern that the money supply might exceed planned limits.

From the beginning of the year to the end of August, the growth of government financing and, therefore, of total domestic credit, corrected for the accounting adjustments of bank loans and discounting maturities, had developed a trend that carried it 4.3 and 1.2 points higher than the annual limits indicated in September of 1983, which were 12.3 and 17.4 percent respectively. The acceleration was due entirely to bank loans, which grew at an annualized rate of 21.5 percent. Increases in the money supply and the monetary base were 11 and 9.5 percent respectively.

#### The Path of Credit

Considering the trends in domestic demand and international trade, the continuation of the recovery and the further decline of inflation were



likely to be compromised by overly broad deviations of credit expansion from the present path. It is true, however, that income and investments in real terms grew at greater rates than initially forecast, but the trend of credit to the economy clearly exceeded even the new limits, which had been raised in order to account for greater real growth.

A clear signal and a restrictive measure that was temporary although prompt and effective, had to be sent specifically to the banking system. Now that the maximum limit on loans had been removed, public financing was now accomplished with a more intense use of the monetary base as a guide and with greater mobility of interest rates, whose variations were made more prompt by modifications in ultimate credit conditions.

At the beginning of September, the official discount rate was raised from 15.5 to 16.5 percent. At the auctions immediately following that date, the yields offered on 3- and 6-month BOT's [ordinary Treasury bonds] were raised by about half a point. A slightly lower variation was applied to the initial coupon of the new CCT [expansion unknown] issues. The conditions of bank loan offers between the last 10 days of August and September showed a rise in the average rates of 0.6 points with continuing sideways movement.

At the meeting of the Interministerial Committee for Economic Planning at the end of September, which precedes government approval of the Provisional Planning Report, the new growth limits for the 1984 aggregate money and credit supply were approved. The growth rate for public financing was raised from 12.3 to 14.3 percent. An 18 percent increase in bank loans plus accounting adjustments is compatible with this new objective. The expansion of total domestic credit may reach 19 percent. An equal increment is planned for financial activities. The relationship between the financial wealth of the economy and the GDP will come to about 125 percent by the end of the year, a value 5 points higher than the already exceptionally high figure reached in December 1983.

It is not yet possible to evaluate the effects of changing the discount rate, mainly because completely unwarranted calls to reintroduce the maximum limit on loans further extended the credit supply and bank intermediation by the end of September, thus distorting the statistics. In the last 2 months, national government financing needs amounted to more than the forecasts implicit in the annual estimate of 95.8 trillion lire and thus caused a slight drop in the issuance of new government bonds in October.

The condition of the economy continues to require interest rates that encourage sustained savings and moderate business's demand for funds. Especially and even more urgent is the necessity of reducing the deficit and slowing down the upward trend in the national debt.

The condition of national government accounts makes the need for savings even more pressing and reduces the room for maneuver in credit policy. The interest cost on a debt equal to 90 percent of the GDP would burden the national government's finances even if the debt did not increase.

But if, as has happened, existing imbalances make the debt take a strong upward trend, the scope within which monetary policy can work to conciliate growth and stability will be restricted and may be cancelled out. It is an illusion to think that monetary policy alone can create growth. Inflation and growth might not be the immediate consequences of broadening the monetary base, but beyond the near term the abundance of liquidity and credit would allow the economy to degenerate and renew the depreciation of currency both at home and abroad.

### Prospects

The most recent economic indicators confirm that the economy is expanding at a moderate pace, although the current balance of payments has a deficit that in 1985 will be affected primarily by the international economic trend. Growth is expected to slow down in the United States, but the increase in economic activity in European countries will not fully make up for it. Traditional markets for Italian goods should show less growth than world demand, as they have in 1984, and it is feared that competition may even cause the prices of manufactured goods to drop. The growth of demand and production will thus depend on maintaining the conditions of costs and prices, on which competitiveness is based.

The rate of inflation still amply exceeds that of other industrialized countries. Bringing it down to 7 percent in 1985 is the central action outlined in the Provisional Planning Report. The objective cannot be realized by trusting in present lines of policy, because, if continued, they will require coherent corrective action and policies. Wages are tending to exceed the 7 percent limit as a consequence of contracts already stipulated and automatic features already in place. Productivity growth will slow down after the cyclical acceleration of the initial phase of the recovery.

It is essential to contain civil service wages within the abovementioned limits because the expansion of all current government expenditures can be held within the rate of inflation planned in the finance bill. If this happens, it will exert a positive influence on income trends in the private sector. It is time to put into practice some general agreements concerning reform of the wage structure. There may be technical differences among the solutions, but diversity of opinion on this subject should not prevent the necessary options from being made through this confrontation.

The financial law and the 1985 budget contain valid goals in the context of a multi-year reform package. If they are to be achieved, it will be necessary first to avoid, as has been possible in recent years, delays connected with the use of temporary budgets. A 1985 national budget close in size to that officially set for 1984 in and of itself confirms the gradual reshaping of the public sector's use of financial resources. It acquires significance to the extent that it is the result of basic changes in national budget items. The projections for 1988 and the lines of action set forth by the Bank last May were followed by a debate that confirmed the medium-term necessity of working toward bringing the growth of government expenditures down below that of income as well as increasing



and equalizing tax pressure. The connections between income policy, tax policy and current government expenditures were thoroughly explored.

The monetary policy objectives presented to the interministerial Economic Policy Committee indicate that if personal income exceeds the 1984 level by 10 percent, domestic credit in the productive sector may increase as much as 12 percent in the course of the year, and growth in the money supply is forecast as being substantially in line with that of income. These objectives were formulated on the supposition that budget policy and income regulation would be fully achieved. That direction would be followed even if measures taken in those fields are incomplete.

But if control of the cycle is again left to monetary policy, it would mean deliberately and permanently renouncing any sharing. It would effectively amount to accepting the costs of high inflation and of a national budget that takes savings away from investment; in the end, it would come down to accepting less growth and less employment.

It would be a bitter disappointment to lose the fruits of years of labor toward stability, just when significant, though partial, results have been achieved. The hard rock of inflation is being chipped away bit by bit. The effort required is greater because further progress is linked to the removal of structural and institutional causes. But the return to a stable currency, though difficult, appears more and more to be attainable. Our society has shown that it could negotiate no less arduous passages; success depends upon the efforts of us all.

# FLUSSI FINANZIARI (a)

Prodotto interno (b) lordo		Fabbisogno (c) statale		Finanziamenti (d) al pubblico (B)		Credito totale interno (e) (A)+(B)			Attività finanziarie economia (f) (2)				
(g)	miliardi	var. % (h)	comples- sivo (i)	interno (A)(j)	variazioni miliardi (g) %		variazioni miliardi (g) %		rapporti con il Pil (4) (k)	variazioni miliardi (g) %		rapporti con il Pil (3) (k) (4)	
1975	125.378	13,2	16.444	14.238	16.896	18,8	31.134	22,7	24,9	24.838	20,6	19,8	115,1
1976	156.657	24,9	14.627	14.200	19.844	18,9	34.044	20,2	21,7	29.630	20,5	18,9	111,5
1977	190.083	21,3	22.443	17.923	17.371	14,3	35.294	17,4	18,6	34.176	19,6	18,0	110,1
1978	222.254	16,9	34.248	31.707	17.686	12,9	49.393	20,7	22,2	48.829	23,3	22,0	116,3
1979	270.198	21,6	30.343	28.503	25.293	16,5	53.796	18,7	19,9	58.448	22,6	21,6	117,6
1980	338.743	25,4	37.010	34.008	29.189	16,3	63.197	18,5	18,7	51.865	16,3	15,3	109,4
1981 (1)	401.579	18,5	52.954	44.904	28.070	13,5	72.974	18,0	18,2	70.910	19,1	17,7	110,2
1982 (2)	471.390	17,4	72.587	68.951	31.632	13,3	100.313	20,8	21,3	89.390	20,2	19,0	113,1
1983	535.904	13,7	88.493	85.709	34.737	13,0	120.446	20,6	22,5	107.647	20,2	20,1	119,7
1984 (5)	604.000	12,7	90.800	84.500	38.000	12,3	122.500	17,4	20,3	117.000	18,2	19,4	125,6
1984 (6)	600.000	12,5	88.000	82.000	34.000	14,2	120.000	19,2	20,2	116.000	19,2	19,2	125,2
1985 (7)	620.000	3,3	92.000	86.000	40.000	11,3	128.000	18,3	20,5	120.000	18,3	19,4	125,2

(1) Al netto dell'effetto del deposito infruttifero sui pagamenti all'estero. - (2) Sull'intero al netto delle azioni. - (3) Calcolati sul flusso del periodo. - (4) Calcolati sulle consistenze di fine periodo. - (5) Scenario programmatico (settembre 1983). - (6) Preconsuntivo. I dati dei finanziamenti al pubblico e del credito totale interno sono corretti per l'effetto delle distorsioni nelle statistiche bancarie connesso con l'uscita dal massimale e stimato in 4.000 miliardi. - (7) Scenario programmatico.

## Key:

- (a) Financial Flow
  - (b) gross domestic product
  - (c) national budget
  - (d) public banking (B)
  - (e) total domestic credit (A) + (B)
  - (f) economic financial activity (2)
  - (g) billions
  - (h) variation in percent
  - (i) overall
  - (j) domestic (A)
  - (k) relationship to the GDP (4)
- (1) Not counting the effect of non-interest bearing accounts in foreign countries
  - (2) Domestically not counting stocks
  - (3) Calculated on the cash-flow of the term
  - (4) Calculated on the cash at the end of the period
  - (5) Planned scenario (September 1983)
  - (6) Before consumption. Data on public financing and total domestic credit are corrected for the effect of distortions in bank statistics connected with the end of the cap and is estimated at 4 trillion lire.
  - (7) Planned scenario

Public Activity (public financial activity and contra (1); variations in billions of lire)

Financial activity	<u>1983</u>		<u>1984</u>	
	<u>8 months</u>	<u>year</u>	<u>8 months</u>	<u>year</u> (3)
Money in circulation	-540	4,080	-910	4,000
Postal deposits	1,066	5,836	2,283	6,000
Bank deposits				
public	-3,649	39,393	-8,402	40,000
government agencies	2,677	4,372	-2,597	-3,000
Liquid activity (M2)	-466	53,681	-8,626	47,000
Other deposits, BOT and medium- and long-term bonds	47,702	58,338	64,306	71,800
Total financial activity	47,256	122,019	54,680	118,800
non-government	44,579	107,647	57,277	121,600

Contra	<u>1983</u>		<u>1984</u> (2)	
	<u>8 months</u>	<u>year</u>	<u>8 months</u>	<u>year</u> (3)
Financing by credit institutions	8,734	21,416	19,900	32,500
LCS [expansion unknown] financing	5,135	11,311	5,801	10,000
Net bond issue	1,738	2,010	886	1,500
Public financing	15,607	34,737	26,587	44,000
National government budget (4)(*)	52,364	85,709	52,150	92,100
Total domestic credit	67,971	120,446	78,737	136,100
Net balance of payments	4,228	3,793	-1,042	-5,000
Other	-24,943	-12,220	-23,015	-12,300
Totals	47,256	112,019	54,680	118,800

\* Analysis of national government budget:

General budget	53,984	88,493	53,607	95,800
(-) foreign debts	709	981	704	2,000
(-) financing through financial intermediaries	871	1,763	753	1,700
(-) consolidations	40	40	-	-

1. "Public" includes families, businesses, and public agencies not included in the government sector.
2. Finance data on credit agencies, general public financing, and total domestic credit are corrected for the effect of distortion in bank statistics connected with the removal of the cap and estimated at 4 trillion lire.
3. Before consumption.
4. Not counting financing by financial intermediaries, consolidations and foreign debts.

ECONOMIC

TURKEY

#### GREATER INTERBANK MONEY MARKET COMPETITION EXPECTED

Istanbul DUNYA in Turkish 25 Dec 84 pp 1,7

[Article by Ferda Volkan: "Greater Competition among Banks is Expected in 1985]

[Text] Greater competition among banks in the money market is expected in 1985. Following a government statement that it would not use the Central Bank established public funds to finance importing and exporting in 1985, the search for new financing possibilities through exchange rate policies will accelerate interbank competition to secure resources. Banking circles, which note that Turkey has a certain credibility on the international market, characterize as inevitable the start of strong competition in 1985 between local and foreign banks for a greater share of the existing resources. Meanwhile, it is clear that, in particular, the 500 million dollars in credit for 1985 which the Central Bank has begun searching for on the international market will be an important indicator of Turkey's credit rating.

#### The Central Bank has Been Unable to Secure Credit

An expert on the subject, noting that the Central Bank still has been unable to secure all of the 500 million dollars credit, stated:

"The Central Bank is continuing an extensive search for 500 million dollars in new credit. I think that as a result of Yavuz Canevi's latest trip to Japan, 240 million dollars of the credit is guaranteed. That leaves a deficit of 260 million dollars. In order to meet this shortage, it is necessary to await the results of international commercial banks assessments of Turkey. If the Central Bank can secure 500 million dollars in credit easily, a suitable environment might be created that would allow private and public commercial banks to borrow from the international market."

#### Competition Among Banks

As a result of the statement by Prime Minister Turgut Ozal that, under the 1985 foreign trade policy, the burden of financing would be shifted to rate-of-exchange policies and that public resources would not be transferred to the banking sector as credit, banking circles expect fierce competition to erupt in the creation of new resources. Bankers point out that, at present,

foreign credit sources in particular are determined by foreign financing circles in a program of obvious significance for Turkey. They speculate that, "Who gets what share of this pie will depend on the activity shown by banks." As a result of the Central Bank's initiative, it is considered certain that it will soon be known how much Turkey's credit possibilities will expand. If all of this credit can not be secured, the resource problem for banks will further increase. The bankers, who assert that, until now, banks have been on easy street particularly when it came to the use of existing resources and that they have created investment opportunities for branches opened by foreign banks in Turkey, emphasize that the same policies will not continue in 1985 and that the start of serious competition between the Turkish branches of foreign banks and Turkish banks is inevitable.

Sector officials point out that until now foreign banks have been taking advantage of their names and have profited [by exploiting, in particular, investments which [Turkish] banks could not use]; sector officials claim that, henceforth, the attraction of working with a foreign bank will be lost for the credit customer. In this context, they state that Turkish banks will push for their own use of all the limited new credit as well as for their handling of new foreign resources by means of the extensive organizational network within Turkey.

Within the context of this development, while claiming that the new foreign trade policy will plunge banks into serious competition in 1985 both among themselves and with the Turkish branches of foreign banks, Turkish bankers hold the view that, if Turkey's credibility does not rise, then new resources which are scarce now will become even more scarce and this will increase the cost of credit.

Noting that demands to foreign banks for the establishment of additional lines of credit will increase, bankers agree that, in securing this line of credit, the share or risk which foreign banks allot Turkish banks will play an important role. It is emphasized that the increase in these risks is dependent in large part on the economic and political developments in Turkey and that the care Turkey has shown to date in meetings its previous commitments is important.

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CSO: 3554/63

ENERGY

GREECE

#### DETAILS ON LIGNITE, HYDROELECTRIC ENERGY RESOURCES

Athens I KATHIMERINI in Greek 2 Feb 85 p 7

/Text/ During a recent visit to the DEI /Public Power Corporation/ electric power units in the Kozani-Ptolemais region, Minister of Energy and Natural Resources Elev. Veryvakis stated that the DEI development program aims at developing lignite and hydroelectric resources for the production of electric power.

With reference to the lignite resources of the country, Mr Veryvakis said that they are very great.

According to the 1983-1987 5-year economic and social development program, the confirmed major lignite deposits amount to 4,787 million tons. Of this amount, the slag amounts to 3,171 million tons which if utilized for the production of electric power could provide 1,629,000 GWH. If this figure is compared to the 24,100 GWH that was provided by DEI in 1984, it becomes evident that the country's needs could be met by exclusively domestic resources for a long period of time (taking into consideration the utilization of 21,000 GWH of hydroelectric power a year). A long coordinated endeavor for the drafting of studies for the development of the lignite mines is needed for the proper and rationalistic exploitation of the deposits

At the same time, the possibility of utilizing the lignite found in small deposits for the production of electric power is also being considered. The electric power would be used for heating purposes and for hot water or steam production or even for land development purposes for agriculture and forests. This would contribute positively to an independent and balanced regional development program.

Results of the mining of DEI quarries and mines in the 3-year period 1982-1984 are impressive. Lignite production amounted to 31,570,000 tons and showed a 17.3 percent increase over 1981.

Foundations were also laid for the destruction of hard strata in the Southern Plain heights so that the biggest problem in lignite production might be effectively overcome. The Amyndaion quarry is being developed. Studies are being conducted for the opening of the Komnina quarries in Western Makedonia and Kyparisi in Megalopolis.

Electric power production from lignite-fired units amounted to 13,981GWH in 1984 and was 22.3 percent over that of 1981.



The construction of the Agios Dimitrios station is being completed with four 300 MW units. Two units have been installed and tested while the other two are expected to be installed in mid-1987.

Construction on the Amyndaion station with two 300 MH units is continuing. They are expected to be incorporated into the system in 1987. A fourth unit of Megalopolis (300 MH) is under consideration in accordance with the findings of the studies on lignite deposits in Komnina.

Moreover, the exploitable hydroelectric potential of the country is 21,000 GWH compared to the 3,500 GWH annual capacity of the installed electric power stations in 1984. This shows that there are many possibilities for the development of new hydroelectric power projects. Five such projects are already under construction: Sfikia and Asomatai on the Aliakmon; Pigai on the Aoos; Straton on the Akhelos; Thisavros on the Nestos. Their overall power amounts to 1,023 MW and it is expected that they will go into service by 1989.

The construction of eight new units on the Akhelos, Aliakmon, Arakhthos and Nestos is being studied for the period 1990-1994. Their overall power is about 800 MW.

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